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65TH JANUARY 1911 Year

SPECIAL FEATURES

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The New Building of the Boston Stock Exchange

THIS BUILDING, WHICH IS LOCATED ON CONGRESS STREET, IS NOW NEARING COMPLETION. THE GROUND FLOOR AND BASEMENT WILL BE

THE
BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FIFTH YEAR | JANUARY, 1911 | VOLUME LXXXII. NO. 1

RECOMMENDATIONS OF SECRETARY MacVEAGH

WHILE Congress has generally seen fit to ignore the recommendations of the chief financial officer of the Government respecting currency and banking legislation, these recommendations are nevertheless of great importance as reflections of the views of the man who has the most to do with the administration of the public finances.

Secretary MacVeagh puts the whole matter of currency and banking reform in very blunt fashion when he says that Congress has the choice of adopting a good system or of continuing a bad one.

This choice has been open to Congress for twenty years at least, and most of that time the Republican party has been in power. But nothing has been done. Either Congress has believed that the existing system is good enough, or has been unable to devise anything better that would be acceptable to the people and to the party leaders.

Perhaps, after all, Congress is less to blame than the people, and especially the bankers, for this failure to enact better banking and currency legislation. Bankers do agree quite generally as to what ought to be done; but as to the methods of doing it, they are hopelessly divided.

The Secretary of the Treasury adopts the suggestions made long ago in this Magazine that the national banks be permitted to establish branches in foreign cities, and also that these institutions be allowed to perform savings bank and trust company functions.

Secretary MacVeagh's recommendations on these matters are so terse and forceful, and of such general interest to bankers, that we reproduce them in full.

Panics or No Panics a Matter of Choice.

"The reform of the banking and currency system is still in the future. It is very regrettable that circumstances have made earlier consideration of this great and pressing subject impracticable; and short as the present session of Congress is to be, it would be a great step forward if this subject could at least arrive at some form of definiteness and concentration before Congress adjourns. It is not like a new matter. It has received very great and very widespread consideration for years; and especially during the last two or three years the economic authorities under the lead of the National Monetary Commission have been greatly occupied with its problems and factors. No public question has in the last three years received so much competent study as this has; and it would be quite wrong to feel there is need of further hesitation in taking action.

"The whole financial history of our country is a long series of troubles and agitations. And now that we have in sight the establishment of a real and

permanent banking and currency system that will be both safe and sane it makes one impatient to see it accomplished.

"It is of the first consequence that this great economic question—important to all the people of this country, rich and poor alike—shall escape the deadly consequences of a partisan treatment. It is, therefore, to be hoped that it can come into Congress detached from political or sectional considerations.

"As long as we continue under our present system we are liable to panics; and the vast devastations of panics reach Republicans and Democrats and all parts of the country alike. Panics are no longer necessary and no longer respectable. They are avoidable; but not under our system. Our system can fairly be called a panic-breeding system; whereas, every other great national banking and currency system is panic-preventing. It is for the Government to say whether it will have panics in the future or whether it will not. It is a mere matter of choice. We can continue to have panics or we can stop having panics, exactly as we prefer. It will not cost a penny to prevent them; and it has cost us untold millions and untold suffering every time we have had one.

"We have no system of reserves. Our banking system destroys our reserves. It concentrates in New York what are pretended to be reserves and then forces the New York banks to lend and abolish them. Now, a reserve is necessary to the very idea of banking; but our system instead of building up a reserve destroys it as fast as it inclines to accumulate.

"We have no way to increase our currency when it is needed, except under the Aldrich-Vreeland law, which will soon expire and which is only intended for emergencies. We have a currency which is forced up, whether we need it or not, to a certain measure of our two per cent. bonds. But it cannot get up any further; and it practically cannot come down.

"Now, under our system, can ordinary transactions of business go forward uninterrupted in a time of stress and strain? And yet the final test of a banking and currency system is that the ordinary banking facilities needed by business shall be provided at all times and under all circumstances."

After referring to the immediate necessity for legislation providing for improved methods of supervision and control of the national banks, the Secretary proceeds:

National Banks Abroad.

"For example, there is a clear need of American banks in foreign countries where American commerce needs banking facilities. The American banking system is therefore obliged to develop itself so as to perform this necessary international function. We are already doing a large trade with foreign countries, but we are to make this trade much larger, and especially in many countries where we now have little or no trade. Our trade must become much more general in the articles dealt in, and much more general in the markets we deal in.

"Now, there can be no doubt that we shall never be internationally a full-fledged commercial nation until we have merchant ships of our own and foreign banks of our own—a free supply of ships of our own and a free supply of banks of our own. We should have banks at all ports that are important to our commerce. And, of course, there is no reason why we should not have them if we wish them. And if we are to have banks doing a foreign business, what banks are more entitled to the opportunity, or what banks are better fitted, owing to governmental super-

vision and control, to afford real and reliable facilities to our commence than the national banks? Under present laws they can not engage in this necessary international undertaking because they are not allowed any kind of branches. But there is no reason that I know of why Congress should not make the national banks competent to do this foreign business—for the question of home branch banking is not involved in it at all. There is no administrative difficulty in the way and there is no principle of banking or political economy in the way. And as this is an opportunity that could be and would be availed of immediately and is needed immediately, and as it is detachable from the question of general banking reform, I do not see why the Congress should not pass upon the matter now.

The Larger Scope of National Banks.

"Other questions of importance to the national banks, and which might very well be considered independently of general banking reform, might wait at least a reasonable time upon the fortunes of the general issue.

"The national banks, compared with State banks, are much restricted. They started restricted. The men who started them did not mean really all they performed in the actual establishment of a great banking system. They builded better than they knew. We have in the national banking system a great institution and one whose usefulness is susceptible of great development. It carries, however, the marks of its imperfect inauguration. It is, in some respects unnecessarily, tied hand and foot. It can not, as I have pointed out, do international banking; and it is restricted closely as to the kind of domestic banking it can do. It can not, on anything like an equal footing, do the business the savings banks do, useful as that function is. It can not do the business the trust companies do, though the trust companies can turn from their trust business to become competitors of the national banks in their own restricted field of commercial banking. But why a national bank should not do all kinds of legitimate banking it is hard to say. If trust business in itself is safe—and it is essentially as safe as a rock—there is no reason why a national bank should not do that work as well as a State bank. And if the business of trust companies is of importance to the nation, then it would certainly be no disadvantage to let it be conducted under the supervision and control of the Federal Government. And if it is important to the country to develop the savings bank business and to put it more and more on a footing of absolute security, then it might be very well to have a part of it at any rate under the supervision and control of the Federal Government."

As our readers know, these proposals have been discussed, editorially and otherwise, in The Bankers Magazine for many years. It is gratifying to see them approved in an official Report of the Secretary of the Treasury. It would be still more gratifying to see some of these recommendations enacted into law.

ARMING THE RESERVE BANKS

FOR a long time this Magazine has been contending that one of the most important banking problems is the adequate equipment of the reserve banks for performing the functions which may reasonably be expected of reserve institutions. Banking opinion appears to be gradually coming to the support of this view.

In an essay on "Use of Credit Currency by Country Banks," published in "Banking Problems," by the American Academy of Political and Social Sci-

ence, Mr. J. P. Huston, cashier of the Wood & Huston Bank of Marshall, Mo., puts the matter in the following terse language:

"The point of attack should be made the point of defense. The calls for currency concentrate upon the banks of the reserve cities, and the weapon of defense should be placed in their hands."

While the granting of the right to issue credit notes is only a part of the powers of defense the reserve banks should possess, it is nevertheless a power that would prove highly serviceable if judiciously used.

Had the Monetary Commission given attention to the proper equipment of the existing reserve banks, instead of devoting so much attention to the European banking systems, much more practical results might have followed its labors.

IS THE MONETARY COMMISSION ANOTHER KEELEY MOTOR?

REPORTS come from Washington to the effect that nothing may be expected from the Monetary Commission at the present session of Congress.

We have never believed from the first that this Commission was acting in good faith, or that it had any real intention of rendering any service to the cause of sound banking and financial legislation.

It will be remembered that the Commission was appointed after most exhaustive hearings before the Banking and Currency Committee of the House, and after the vital phases of the banking question had been continually discussed for nearly twenty years. A bad banking law had just been passed and the principal authors of it have been made chairman and vice-chairman of the Commission, nor are the other members, with two or three exceptions, calculated to inspire confidence.

One of the peculiar provisions of the law under which the Commission is acting provides that its members who retire from either the House or Senate continue to hold their places on the Commission, so that in time it will be largely composed of "statesmen out of a job." Strangely enough, when the law was proposed, it was decided by the ruling authorities that it should be composed only of members of Congress.

It is said that the Commission will probably make no report until next summer. Its labors thus far have been largely devoted to a leisurely examination of European banking systems.

The interminable delay of the Commission in making a report has given rise to the suspicion that it may be another case of Keeley motor.

But we would not wish to be too harsh in our criticisms. From one of the most recent publications of the Commission we learn that it has discovered the fact that they do not have banking runs and currency panics in Canada!

GENERALITIES ON THE CURRENCY

EXPECTATIONS that the President in his annual message would take a positive position on the currency question were not realized, as the following quotation will show:

"The method of impartial scientific study by experts as a preliminary to legislation, which I hope to see ultimately adopted as our fixed national policy with respect to the tariff, rivers and harbors, waterways, and public buildings, is also being pursued by the non-partisan Monetary Commission of Congress. An exhaustive and most valuable study of the banking and currency systems of foreign countries has been completed.

"A comparison of the business methods and institutions of our powerful and successful commercial rivals with our

own is sure to be of immense value. I urge upon Congress the importance of a non-partisan and disinterested study and consideration of our banking and currency system. It is idle to dream of commercial expansion and of the development of our national trade on a scale that measures up to our matchless opportunities unless we can lay a solid foundation in a sound and enduring banking and currency system. The problem is not partisan, is not sectional —it is national."

While these recommendations are lacking in definiteness, they at least serve to show that the President comprehends the fact that our banking and currency system is defective.

"The method of impartial scientific study by experts as a preliminary to legislation" is certainly a good one. Let us not lose faith that, in time, this method applied to banking and currency problems will produce good results.

RAILWAY REVENUE ANTICIPATION NOTES

DIFFICULTIES have been encountered by the railways at various times in recent years in securing the necessary capital for making needed betterments. Finding that the financial markets were not suitably disposed toward the placing of their bonds, the railroads have resorted to temporary borrowings on short-term notes. These notes, later on, are gradually converted into bonds. The notes are, therefore, in effect, representatives of a fixed form of capital investment.

That the railways might issue a form of note more liquid in character and therefore more acceptable to the banks, has been suggested by Mr. Ralph Van Vechten, vice-president of the Continental and Commercial National Bank of Chicago.

Properly viewing the railways as an important part of the great mechanism of production, Mr. Van Vechten proposes that they issue notes in anticipation of revenues, these notes not to be converted into fixed investments, but to be automatically retired as the revenues against which they are issued come in.

No doubt such notes, possessing as they would the substantial attributes of commercial paper, would find greater favor with the banks than the notes that have been issued heretofore.

The railroads, of course, perform a great and indispensable service in the production and distribution of commodities. They have been hampered of late to some extent in procuring capital owing to several reasons. Money market conditions have not been favorable, and the roads have suffered from political attacks.

If they could tide over temporary requirements by using a form of paper that would recommend itself to the banks, thus getting access to the great reservoir of commercial banking funds, it would be of much advantage to the railroads and the general commercial enterprises of the country.

THE RESOURCES OF AUSTRALIA

WHILE speaking a common language, the people of America and Australia have been so widely separated as to circumscribe the interest which each felt in the affairs of the other. Better means of communication have brought the two countries nearer together, and our acquisition of the Philippines has almost made Australia our neighbor.

But aside from these considerations, Australia possesses an interest in itself that will, we are sure, render welcome to American readers the series of articles begun in this number treating of the country's resources.

Australia possesses great natural re-

sources, but needs additional population for their proper development. Commenting on this fact, "The Review," of Sydney, New South Wales, says:

"If he is a benefactor of the human race who makes two blades of grass grow where one was before, he is truly a great statesman from Australia's point of view who settles two men where there is at present one—and this one occupying space enough for fifty. The density of population of Europe is 111 to the square mile; of Asia, fifty-five; of Austria and Polynesia, twenty-one; while Germany has 290, the United Kingdom 363, and Japan 266 people to the square mile, the Commonwealth has less than one and one-half."

Not only is there plenty of room for more people, but ample natural resources to sustain the increased population, as the author of the articles to be published in this MAGAZINE during the present year will show in considerable detail.

IMPROVING THE EXISTING BANKING MACHINERY

MANY of those who advocate a central bank imagine that the adoption of foreign banking and financial machinery is essential to our prosperity, and fail to realize that with some slight modifications the banking system of this country, just as it now stands, could be made of immensely increased service to the business community.

Experience has demonstrated that the reserve banks are such in name only.

The vital problem in banking reform to-day (except, perhaps, the checking of currency and lending inflation) is to provide a really efficient system of reserve banks.

And what are the fundamentals of such a system?

In the first place, management that will surely produce the results intended.

Next, adequate capital, enabling the reserve banks to keep sufficient reserve —probably double that now held.

The central reserve and reserve city banks must also more fully realize their duties and responsibilities.

To compensate them for their greater service to the community, and for the employment of an increased amount of their capital in the form of specie reserves, they should be given some privileges they do not now have.

They should have, not merely for their own profit, but for effective equipment as reserve agents, the right to issue credit notes, based upon adequate coin reserves, and under proper regulations.

Perhaps, also, they should be made sole custodians of the public funds in return for certain services they might perform for the Treasury.

We know this is not an extensive programme of banking and currency reform, and it no doubt falls far short of achieving everything desirable, but it is a beginning.

When this much is done, the country banks will have to be strengthened a bit in the confidence of the public. But probably it would be found in practice, that if the reserve banks were first strengthened, the smaller banks would soon feel the effects of the tonic. Some country banks aver that their troubles in time of panic are due to their inability to get back the money deposited with reserve agents. It is suspected this may be a story with two sides to it —but there exists a growing feeling that much truth may be found in the country bank's contention.

These improvements contemplate no radical change, no setting up of a central bank that we have twice tried and twice discarded, but a practical adaptation of the existing banking machinery to fit it for meeting the necessities developed by experience.

EASY BORROWING IN WALL STREET

RECENT banking testimony has again brought to light certain practices of Wall Street banks in making loans to Stock Exchange firms without security.

It seems that the borrower who needs a loan for the day, drops in and makes his request in the morning for a loan of a half a million or so, without offering any security. The bank kindly grants him this little accommodation, merely reminding him that some time in the afternoon he should call and deposit the required collateral, at his leisure, provided he does not forget to call before the close of banking hours.

Usually, this practice, which is common enough in the Street, works well enough. The brokers thus favored with unsecured loans are well known and have the favor of the banks. Generally, their stock speculations are successful and they have no trouble in making the necessary deposit of securities, though sometimes not until the eleventh hour.

But once in a while the broker is a little slow in getting round to the bank, and sometimes he suspends and fails to appear with the security at all. And then trouble occurs, for the banks think they have a preferred claim on the insolvent's assets for the amount of the securities he proposed to deposit.

The certification of checks on these loans before they are secured is also not uncommon.

Some borrowers outside the favored circle of Wall Street brokers are disposed to criticise these flexible arrangements for speculative borrowing, having themselves to comply with much more rigid requirements. But the banks reply that such arrangements are a necessity, and that only in rare instances does any trouble occur on account of them.

It is no doubt true that the Wall Street brokers are a desirable class of bank customers. The securities they offer are generally the most marketable to be had, if not always actually the most intrinsically valuable, and a bank with a big line of demand deposits can scarcely be blamed for making marketability a prime test of its collaterals.

EXCHANGE OF CREDIT INFORMATION

ALTHOUGH considerable progress has been made among banks in the way of coöperation and better understanding, much yet remains to be done. Particularly is this true in regard to the exchange of credit information.

At present many banks—most of them in fact—take the stand that the transactions between themselves and their customers are confidential, thus preventing one bank from furnishing information about its borrowers to other banks. There is, of course, much to support this view. Unfortunately, however, it enables the man of poor credit or the dishonest borrower to get a great deal more money from his bank than would otherwise be possible.

Speaking of these conditions some time ago, Mr. H. A. Wheeler, vice-president of the Union Trust Company of Chicago, said that the time was rapidly coming when the banks must abandon the idea that they were doing themselves an injustice by giving their information in detail to competing banks, and that they must "form an alliance, offensive and defensive, without reserve, and to recognize that their only safety lies in abandoning the idea that secrecy must attend their transactions with any debtor."

While this policy may become necessary, and would undoubtedly tend to protect the banks from loss in many cases, it is doubtful if it can be put into practice. There are many good reasons, other than insolvency or dishon-

esty, that may render it desirable for a borrower at a bank not to have his transactions disclosed to another bank. For example, a capitalist having some big "deal" in contemplation might secure credit at his bank for the purpose of carrying it through. Now, if his rivals could get another bank to obtain this information by simply inquiring of the bank that made him the loan, he would be placed at a disadvantage in his negotiations. Operators in the stock market who were preparing for a campaign on either side the market would hardly like their antagonists to know in advance how much money they had borrowed.

The exchange of credit information among merchants, which Mr. WHEELER commended, is not open to the same objections as apply in the case of banks.

To eliminate weak and dishonest borrowers is, of course, laudable; but grave doubts are entertained by many banks whether or not this can not be measurably accomplished without destroying the confidential relations between bankers and customers which have long constituted one of the distinctive characteristics of the business of banking.

CENTRAL BANK BILL THIS SESSION ?

REPORTS from Washington indicate that there is some sentiment in favor of a currency and banking bill of some sort—most likely the central bank bill—to be rushed through at the present session of Congress.

As pointed out in the November issue of the MAGAZINE, this will probably be the best chance the Republicans will have to enact banking legislation. The new House will be Democratic, and the Senate after March 4 of rather mixed complexion.

If the Republicans would pass a sound measure now, and thus give it time to get into good working operation and show its efficiency before the next Presidential election, it might be good "politics" to pass a bill at this session.

But what effect will a central bank bill have on the political situation? HENRY CLAY, a statesman of immense popularity, found a central bank too heavy a load to carry. Will TAFT succeed where CLAY failed?

CHECKING THE DECLINE OF THE AGRICULTURAL STATES

UNDER the title of "A New Line of Development for Iowa," published elsewhere in this issue, Mr. EDWARD WHITE, a valued member of THE BANKERS MAGAZINE staff, presents some strikingly interesting facts about Iowa—one of the leading agricultural States of the Union.

Mr. WHITE states that the people of Iowa are deeply concerned over the showing made in the recent census returns pointing to a stoppage of the increase in population, and that with characteristic American energy they are promptly seeking to apply an efficient remedy that will not only correct this unfavorable tendency but that will speedily advance the State to the position to which it is justly entitled by the extent of its resources and the character of its people.

Undoubtedly, the remedy proposed—the extension of manufacturing—is the right one. For instance, a great deal has been written lately about the decline of agriculture in the State of New York. But the census figures, published only recently, show that the population of New York now exceeds 9,000,000, or nearly one-tenth the population of the entire country.

This result has been due very largely to the enormous development of manufacturing. By combining manufacturing with her really magnificent agricultural resources, as Mr. WHITE shows is being done, Iowa is bound soon to regain her normal growth and to make a new high record.

The Bankers Magazine in 1911

THE BANKERS MAGAZINE will be sixty-five years old this year. It is the purpose of its publishers to commemorate that event by a special number. Particulars concerning it will be announced at a later date, but it is not the purpose of the editors and publishers of the Magazine to put all the good things into one special number.

The Magazine during the coming year will not only maintain the high standard which has been established, but it will be more interesting and practically helpful to bankers, investors and financial people generally than it ever has been.

The regular departments of the Magazine, which have been developed to their present scope through a long series of years, will be continued under the same able direction, while the list of special contributors will be greatly strengthened.

IMPORTANT DEVELOPMENTS

There are a number of very important problems of a financial and business nature before the country, and some significant developments are to be expected during the year. These matters, among which might be mentioned currency reform, postal savings banks, the tariff, parcels post, international trade, and a score of other subjects intimately connected with the financial welfare of the country, will be foremost in the public mind.

These subjects will have adequate attention in the BANKERS MAGAZINE, which some of the nation's leading financiers will make their mouthpiece, either in signed articles, or by means of interviews with members of the editorial staff of the BANKERS MAGAZINE.

THE MAGAZINE'S INFLUENCE

The editor in chief of the Magazine, Mr. Elmer H. Youngman, enjoys the friendship and confidence of some of the most prominent and successful bankers and capitalists, and he is recognized as an authority on financial subjects, so that any comment which he makes on conditions and events in the financial field is listened to with respect. As a case in point, one of Mr. Youngman's suggestions in the Magazine relative to branches of American banks in foreign countries was incorporated in the annual report of the Secretary of the Treasury last month.

BANKING LAW

What is considered by many of our readers as the most valuable feature of the Magazine is the department on "Banking and Commercial Law."

As for several years past, this department will be conducted by John J. Crawford, Esq., of the New York Bar, who is well known as the author of "The Uniform Negotiable Instruments Act." This department will contain reports of all important legal decisions affecting banks and bankers. Questions on Canadian banking will be taken care of by Mr. John Jennings, of Toronto, Ont.

PRACTICAL BANKING

In the "Practical Banking" department there will be published a large number of articles helpful to men on the firing line in the banking field. There will be special contributions by Charles W. Reihl, Edgar G. Alcorn, Arthur A. Ekirch, William M. Rosendale and many others.

INVESTMENTS

The "Investments" department, edited by Franklin Escher, who is likewise editor of "Investments" Magazine and a regular writer on finance for "Harper's Weekly," will be conducted along the same lines as during the past year.

Besides articles treating of current features of the investment situation, there will from time to time be introduced articles by experts on the various forms of investment.

SAVINGS BANKS

In the "Savings Bank" department the following topics will be treated during the year by William H. Kniffin, Jr.:

Card Ledgers.
Trial Balance Methods.
Interest Computations.
Mortgage Loans.
Collateral Loans.
Lost Books.
Dormant Accounts.
Collection of Interest.
Savings Banking by Mail.
Advertising the Savings Bank
Current Topics of Interest.

TRUST COMPANIES

The department for trust companies will continue in charge of Mr. Clay Herrick of the Cleveland Trust Company, who is probably the best known writer on this subject in the United States. Thousands of trust company men are studying Mr. Herrick's book, "Trust Companies, Their Organization, Growth and Management."

LATIN AMERICA

On account of the increasing interest of the United States in Mexico, both politically and in a business way, and also because of the rapid progress in the construction of the Panama Canal, Latin America is becoming of very great importance to the United States. For this reason, the "Latin America" department of the Magazine will be increasingly interesting and valuable to our readers. We have

special plans for securing the latest and most authoritative matter for this department.

BANK ADVERTISING

The subject of advertising for banks and trust companies is no longer something which can be set down as of minor importance. In the last few years there has been a great change in the banker's attitude on the matter of advertising. The BANKERS MAGAZINE was one of the pioneers in the work of developing the newer style of bank advertising. That there is a demand for this work, is evident from the large number of letters which we have received from our readers in all parts of the country. The department of "Banking Publicity" is under the direction of T. D. MacGregor. It will be made of even greater value to bankers than it has been heretofore.

OTHER DEPARTMENTS

The other departments of the Magazine, including those dealing with the Safe Deposit business, the equipment of bank buildings, banking news, etc., will be kept up as in former years and will be found entirely worth while.

SPECIAL FEATURES

From month to month, there will be published in the Magazine articles of a more general nature, but at the same time of particular interest to bankers. This issue of the Magazine contains the first of a series of unusually interesting articles on banking conditions in Australia. Histories of all the principal banks in the great island continent of the Antipodes will be graphically set forth, with illustrations of bank buildings, portraits of officers, etc. The information for this series of articles was obtained with considerable difficulty and we bespeak for them the special attention of our readers, as this is the first time that anything of this kind has been published in the United States.

AUSTRALIA AND HER RESOURCES*

By C. H. Chomley

THE colonization of Australia, which began with the sailing of the First Fleet from England in 1787, was, in a certain sense, the work of America. Not that the United States were concerned with England in the foundation of a settlement in the far country then known as "New Holland," but it was on the separation of the States from the Mother Country that her statesmen began to look about the world for some new land to receive the convicts who had hitherto been sent to the rich plantations of Virginia and the Carolinas. The great navigator, Captain Cook, had visited and explored the eastern coasts of Australia in 1770, and as a result of that voyage it was decided, after years of consideration, to establish a penal settlement at Botany Bay, in the present State of New South Wales.

First Settlement of the Country.

When, after a voyage of eight months, in the course of which the fleet touched at the Island of Teneriffe, Rio Janeiro and the Cape of Good Hope, Captain Phillip's seven vessels, freighted with twelve hundred soldiers, marines and convicts, arrived, on January 20, 1788, at Botany Bay, it was only to find its waters shallow, its shores inhospitable and its neighborhood by no means bearing out the favorable description of the first visitors. Sailing a few miles north, Phillip discovered another harbor, overlooked by Captain Cook, and passing between lofty headlands, found himself in a magnificent sheet of land-locked water, which, in a letter to the Government in England, he enthusiastically described as "the finest harbor in the world, in which a thousand sail of the line may ride in the most perfect security." Time has more than justified Phillip's eulogy of the beautiful harbor of Port Jackson, with its sunlit waters indenting the land in a hundred sheltered arms. At the head of one of these, which he named Sydney Cove, the Commander anchored his ships in deep water, their yard-arms interlacing the trees on the shore. There to-day are quays, berthing mammoth ships from all parts of the world, in the heart of the city of Sydney, with its population of 600,000 souls.

The Rt. Hon. Sir George Houstoun Reid, K. C., K. C. M. G.
THE HIGH COMMISSIONER FOR THE COMMONWEALTH OF AUSTRALIA IN LONDON

Early Difficulties.

It was long before England recognized the value of the country which she had acquired, and though Phillip, with a foreseeing eye, predicted in his letters to the British Government that

*Further articles on the same subject will appear in later numbers of The Bankers Magazine.

the colony would some day be the happy home of a flourishing British community, most of his officers took a gloomy view of their surroundings and declared that the colony could never become self supporting. It was indeed several years before the country grew enough food to feed the few thousands of its inhabitants, and up to 1803 famine often stared them in the face. The people, from the Governor downwards, were several times put upon short rations, and all eyes were turned seawards, anxiously watching for the arrival of store ships from England, or the East.

TOWN HALL, SYDNEY, N. S. W.

It is of interest, by the way, to note that in the infancy of the settlement American ships were among the most numerous of the few vessels visiting the colony. In 1792, New England vessels on the way from China began to call regularly at Sydney, and were the first non-convict ships trading to the port. They had first unsuccessfully tried this route in 1786, two years before the British settlement began. East Indiamen touched at Sydney later in the same year, and in 1793 and 1794 two of these and four New England merchantmen became regular traders, while two Spanish discovery vessels, under Commodore Malaspina, put in at Sydney in 1794. It was long before the Americans lost their lead in the trade with New South Wales, which consisted at first principally in the exchange of food, rum and tobacco for drafts on the British Treasury, for the colony had practically nothing to export, and the Government was forced to buy food for the whole of the population. Of currency there was almost none, and in despotic paternal fashion the Governor supplied, as best he could, all the needs of his people, bond and free.

This, as already mentioned, he often found it very hard to do. Wheat was cultivated from the first days, but the lands then chosen were not the best, and

the labor was inefficient. Live stock was small in numbers and at first failed to thrive, while some of the few head of cattle escaped shortly after the debarkation, and were not heard of again for many years, when explorers discovered a fine herd, descended from the wanderers, grazing on pastures far beyond the settlement. Great was the delight at this discovery, and so precious was animal life at that period that to kill one of the wild cattle was made a capital offence.

BRIDGE STREET, SYDNEY, N. S. W.

Products of the New Colony.

The tale of crops and stocks in those early days, as told in the official records, is of interest in its contrast with the vast figures of the present. On May 1, 1788, when a census of the live stock was taken, it consisted of seven horses, seven cattle, twenty-nine sheep, seventy-four pigs, five rabbits, eighteen turkeys, twenty-seven geese, thirty-five ducks and 209 fowls.

The rabbits to-day are innumerable; these five surely must have been eaten and not allowed to escape, or the rabbit pest which has cost the country many millions of pounds since the reintroduction of the rodents, in the middle of last century, would have made its appearance long before it did.

The earliest harvest consisted of 200 bushels of wheat and sixty of barley, reaped at Rosehill, twelve miles from Sydney, in 1789, while in 1797 Governor Hunter records the acreage under crop as: Wheat, 3,361 acres; maize, 1,527 acres; barley, twenty-six acres; potatoes, eleven acres, and vines, eight acres—a list showing that the suitability of the land for the crops of Europe was put to an early test. Hardly more than a hundred years have passed, and the country which then could not feed 5,000 souls raises over ninety million bushels of wheat in a year, pastures

nearly 100,000,000 sheep and 11,000,000 cattle, and after providing for the wants of four and one-half million people, sent away, in 1908, nine and one-half million pounds' worth of wheat, meat, butter, and fruit for consumption in the old countries of the world.

Mention has been made here of Australia's convict origin because everyone who has heard of Australia knows it, and frequently fails to realize that the free settlers who have since populated the country outnumbered the bond by hundreds to one, that transportation to the eastern States of Australia finally ceased seventy years ago, and that the taint of convictism has long since disappeared.

The Growth of Population.

For the first forty years the growth of population in Australia was very slow. In 1830, the Continent and the Island of Tasmania held only 70,000 people, but from that date onwards there was a steady flow of settlers, who came in the first instance to exploit the great pastoral industry, for about that time it began to be recognized that Australia was capable of growing the finest wool in the world. In 1840, we find the population nearly trebled and exceeding 190,000. In 1850, it was 279,000. Next year, in 1851, gold was discovered in Australia, and the country which in 1849 had seen 4,000 of its people depart for the mines of California, began to draw them all back again, and for the next ten years the harbors of Melbourne and Sydney were a forest of masts, flying the flags of all nations of the world. In this decade the population jumped from 405,000 to 1,146,000. Twenty-five years later it had again more than doubled, being close on 2,700,000. For the next quarter of a century the rate of increase was not quite so rapid, and to-day the population of the Commonwealth is just under 4,500,000—a number about equal to that of the people of the American Colonies at the time of the Declaration of Independence.

These four and a half million people occupy a territory which, including the little Island of Tasmania, has an area of 2,974,000 square miles, practically equal to that of the United States, namely 2,970,000 square miles. Stretching, as it does, from 10° 41′ South latitude, in the tropics, to 39° 8′ South, in the temperate zone, a total distance of nearly 2,000 miles from North to South, the continent naturally has a great variety of climate. Three-fifths of the mainland lie within the tropics, but at present the tropical regions contain only a very small fraction—probably not quite one-twenty-fifth part—of the population. The peopling of the north and northwest, much of it land of the highest fertility, is one of the tasks which lie immediately ahead of Australia, and recent experience of the work done by white laborers in the tropical cane fields of Queensland gives every reason to believe that the Commonwealth will eventually succeed in realizing its ideal of making the country, from its northern to its southern seas, a healthy home for the white races.

Geography of Australia.

Geographically, Australia may be described as a more or less uninteresting country. It has no great mountains, no great lakes, no great rivers—it cannot even claim the melancholy distinction, long accorded to it in popular thought, of possessing great deserts, for the country once written desert on the map steadily contracts its borders with the march of settlement and knowledge, and thriving flocks and herds are grazing to-day on large areas where early explorers starved.

The mountain system of Australia consists principally of ranges running north and south, parallel to and at no great distance from the coast in Queensland and New South Wales and parallel with the southern coast of Victoria. Between these mountains and the sea is a narrow coastal belt of varying width, but averaging forty to sixty miles. It is well watered with rivers, generally fertile, comparatively densely populated, and contains all the great cities of the above-mentioned States. In South

Australia the ranges run chiefly in a northeasterly direction, and in Western Australia they lie along the coast.

Important as these mountains are in their influence upon the rainfall and as the gathering ground for rivers, and sources of subterranean water which is tapped in artesian wells hundreds of miles to the west on the plains, they none of them attain great height, the loftiest peak in the Commonwealth being Mount Kosciusko, not quite 8,000 feet, in the southeast of New South Wales. Here are built an observatory and a Government hospice, whither people go in winter for skating, skiing, and other Alpine sports. Few of the peaks elsewhere rise above 5,000 feet, and the ranges average considerably less. The Island of Tasmania is largely covered with forest-clad mountains of similar height to those of the mainland.

Here and there in the interior of the continent there are chains of hills or mountains rising to three and four thousand feet, but millions of square miles are occupied by plain and plateau, varying in elevation from sea level to two thousand feet. This plain, indeed, with its huge grazing grounds for sheep and cattle, is the distinctive feature of Australia.

Of little account as such low mountains may seem, the coastal ranges have had a very important bearing upon the development of Australia, for they hemmed in the young colony at Sydney with a narrow belt about eighty miles long and forty miles broad; and it was not until 1813 that, after many failures on the part of earlier explorers, Blaxland, Wentworth and Lawson succeeded in piercing the formidable barrier of the Blue Mountains to the west and making a road through the passes to the vast plains of the interior.

STEAMER ON THE RIVER MURRAY DRAWING A WOOL-LADEN BARGE

It was considered a wonderful feat of engineering when in 1876 by means of

"zig-zags" a railway was built to surmount the range. In the early coaching days the mountain passes were rendered dangerous by the "bush-rangers," or highwaymen, who often waylaid travellers there; and even as late as thirty years ago the untracked mountain forests of Victoria and New South Wales were for a long time the secure haunts of a notorious band of criminals, who retreated thither after committing several outrages on people in the settled districts.

The low mountain chains not far from the coast are incapable of feeding great rivers like the Mississippi and the Amazon, and the country has consequently few long natural waterways. Nevertheless, the whole of the eastern coast of Queensland and New South Wales is well supplied with fine streams, which are often navigable for fifty miles or more from the sea, but many of them are decreased in usefulness by shifting, shallow bars at their mouths, and they are not of great length. Among the most considerable are the Burdekin, 440 miles; the Fitzroy, 174 miles; the Herbert, 150 miles; the Brisbane, 200 miles; the Clarence, 190 miles; the Hunter, 340 miles; the Hawkesbury, 335 miles, and the Shoalhaven.

Finding their way into the Gulf of Carpentaria, from Queensland, are several large rivers, one of which, the Flinders, has a length of 520 miles. In the Northern Territory, which is at present almost unpeopled, there are magnificent streams, some of them navigable for long distances. Vessels of large tonnage can ascend the Roper for 100 miles from the Gulf of Carpentaria, and the Victoria, 350 miles, which has a width of twenty miles at its mouth, is navigable by shallow draught vessels far into the interior. Western Australia's finest streams, the Fitzroy, 325 miles; the de Grey, 190 miles; Gascoygne, 475 miles, and Murchison, 440 miles, flow through the comparatively unsettled northwestern districts.

The most important river system of Australia, however, is that of the Murray, 1,600 miles in length, and its tributaries, the principal of which are the Darling, 1,760 miles; the Murrumbidgee, 1,050 miles; the Lachlan, 850 miles, and the Goulburn, 280 miles. These and the minor tributaries together drain an area of 440,000 square miles, a tract more than twice the size of France, and including some of the best portions of the Commonwealth.

Such rivers are naturally of great and growing importance. They played a considerable part in the past, when railways were few, in the carriage of wool from the interior to the seaboard; and even now, when the continent has 16,000 miles of railway, there is a good deal of traffic on the Murray system by shallow draught steamers drawing trains of barges.

The Murray in ordinary seasons is navigable for a thousand miles during seven months of the year, and when the rivers are high, a steamer can travel from the mouth of the Murray, in South Australia, to Walgett, on the Darling, in the north of New South Wales, a distance of over 2,000 miles, which is traversed without assistance from a single lock. It is probable that in the future numerous locks will be built for navigation purposes, but navigation is at present regarded as a minor matter, and it is as sources of irrigation that the streams are confidently expected to transform the face of the country. In times of flood, they have in past years carried away vast quantities of water uselessly to the sea. In the great flood of 1890, the Darling was a moving waste of waters nearly a hundred miles in width. A river captain steamed for a day out of sight of land on its expanse, and the captain of another vessel landed his cargo twenty-five miles from the river bank when the flood was receding. In times of drought one can cross the Darling nearly dry shod at places where in flood it was like the sea. The Murray and the Murrumbidgee are also liable to tremendous alterations of their flow, though they never sink so low or spread so wide as does the Darling over its level plains. In these circumstances one can picture the immense potentialities of the water that goes to waste, and is so urgently

BARREN JACK DAM SITE, FROM TRAM ROAD. THIS IS THE GORGE ACROSS WHICH A DAM TWO HUNDRED FEET HIGH IS BEING BUILT, TO IMPOUND 33,000 MILLION CUBIC FEET OF WATER

needed; for hundreds of thousands of square miles of the country which the rivers drain are now only pasture land, carrying perhaps one sheep to three acres, and yet it is capable when irrigated of growing crops and fruit to perfection.

Transformation Wrought by Irrigation.

The miracles of productiveness which have been wrought by watering arid soils in America can certainly be repeated in Australia. Under American guidance we have made a beginning, and Mildura and Renmark, two irrigation colonies on the Murray river, pioneered by the Chaffey brothers, citizens of the United States, are shining examples of what water will do under the Australian sun. At Mildura, where once a thousand sheep maintained a precarious existence on fifty thousand acres, a fourth of this area supports to-day a thriving town of five thousand inhabitants, who are growing currants and raisins, oranges, lemons, apricots, peaches, figs and other fruits of a quality unsurpassed. At Renmark, in South Australia, further down the river, five thousand acres of irrigated land are giving a livelihood to a thousand people engaged in similar pursuits. Last year they exported £90,000 worth of produce. Mildura and Renmark between them are almost capable of supplying all the currants and raisins consumed in the Commonwealth, and from there and a few other irrigation settlements of the same type there were raised fifteen million pounds' weight of these berries in 1909. The figures in themselves are a trifle, but with such production from a few acres which are producing other crops and fruits besides, how unbounded seem the possibilities of the area of the Murray basin.

At Mildura and Renmark the water is pumped from the Murray, and the cost is justified by the value of the fruits raised, but there is a limit to the fruit business, and other irrigation schemes are devised to suit the needs of the man who will raise dairy produce and the staple crops for which there are illimitable export markets.

These irrigation schemes consist in the construction of works to impound the flood waters of the rivers at points high enough for them to be distributed by gravitation over the area to be irrigated. In the State of Victoria there are already several such reservoirs, the chief of which, known as the Waranga Basin, is filled from the Goulburn, the largest Victorian tributary of the Murray, and contains nine thousand million cubic feet of water. It is about to be raised so as greatly to increase its capacity, and from it and other reservoirs are supplied thousands of miles of main and subsidiary channels, some of which are designed to irrigate lands for close settlement, and others to carry water for the supply of human being and stock to the wheat-growing lands of North West Victoria, where a rainfall of only ten to fifteen inches permits the raising of profitable crops, but leaves the people always in fear of a water famine unless artificially supplied.

CITY OF ADELAIDE, LOOKING SOUTHEAST FROM THE POST OFFICE TOWER

In Victoria over £3,000,000 have been spent by the State in conserving and distributing water; the need is now for people to make effective use of it. Here, again, one must mention the United States, for the Chairman of the Victorian Water Commission, Dr. Elwood Mead, under whose direction much of this work has been carried out, is a distinguished citizen of that country. He has preached to the people of Australia that successful irrigation demands close settlement, and following his advice, the Government has lately purchased from private owners 60,000 acres of land commanded by the reservoirs, and is cutting them up into small lots, which are sold to cultivators on long terms, equal annual payments for thirty-one years covering principal and

interest, and making the land freehold. The State under this scheme will also build a house for the settler, giving him fifteen years to pay for it, and it advances to approved emigrants eighty per cent. of their passage money to Australia from overseas. It is of interest to mention in this connection that Dr. Mead and Mr. McKenzie, the State Minister of Lands, are at present in America investigating the problems of irrigation in the land which has most to teach Australia, having just completed a visit to Great Britain, where they have been explaining the advantages of emigrating to the Victorian irrigation settlements to British farmers throughout the length and breadth of the country.

The neighboring State of New South Wales, though at present behind Victoria in the use of its rivers, is now engaged upon a scheme even greater than those mentioned. Across the gorge of the Murrumbidgee, at a place called Barren Jack, a corruption of the aboriginal words, Booren Iyack, signifying precipitous mountains, the Government is building a dam two hundred feet in height and 900 feet in length, which will impound a vast volume of water, submerging 12,000 acres and measuring over 33,000 million cubic feet. The greatest reservoir in the world, the Assouan Dam, on the Nile, holds 37,000 million cubic feet, and that in New South Wales, on which work has been progressing steadily for some two years, will, when completed, take second place. By its means, at a cost of £1,500,000, about 250,000 acres of magnificent land will be thoroughly irrigated and a Garden of Eden created on what is now a sheep walk. In Victoria an even greater scheme is contemplated—namely, a dam across the Goulburn, to hold 60,000 million cubic feet of water. As this would submerge many thousands of acres and also the little town of Yea, which does not desire to be drowned, the Government, after making preliminary surveys, has for the time abandoned the scheme; but it is likely to be carried out in the future, and its proposal shows at once the possibilities and the demand for irrigation. There are many other schemes, large and small, which it would be tedious to enumerate, in operation or contemplation in Australia; along the length of the Darling, for instance, there are about seventy lakes, some of immense capacity, one of them, Lake Cawndilla, holding in its natural state about 17,000 million cubic feet of water. These lakes are capable of being turned at small expense into efficient reservoirs, for they lie above the level of the river and are filled by it at flood time. Thus, works built across the channels which convey the water back to the river again when it falls, would conserve quantities sufficient to irrigate great areas.

These works on the Darling and other rivers of the same type will be constructed in time, and their effect will be astonishing. The rivers of Australia, though of a nature which usually secures them scant respect as a geographical feature, are capable of becoming the most potent forces in the country's development, and the conservation of these waters will certainly in the future bring prosperous, populous towns into existence, in places where the sheep now reigns supreme.

PRACTICAL BANKING CONTRIBUTIONS WANTED

HELPFUL articles relating to the everyday work of banks savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

BROADENING THE BANK'S SPHERE OF USEFULNESS

By Herbert G. Stockwell

EACH time a bank examiner hears about the organization of a new banking institution, he wonders whether that bank is really needed. Pictures of the various banks in and around the community in which the new bank is contemplated pass before his mind's eye, as he reviews the character and efficiency of the existing organizations with which the new bank will have to compete for business; and he wonders whether the true banking spirit will permeate those responsible for bringing the new institution into being.

During an examination of a small country bank an incident occurred which illustrates an exceptional condition. While in the directors' room working at a large table, the examiner was interrupted by the entrance into the room of a stream of the bank's directors, each loaded down with bags containing packages and bundles of money which they proceeded to dump on the table, floor and chairs until every available space in the room was soon occupied with coin, currency, checks, money orders and even postage stamps, more or less neatly tied into bundles or packages, on top of which were attached deposit slips. Fifteen of these directors came in during the course of an hour, and the cashier and clerks were kept busy counting the money in the various bundles and checking the numerous deposit slips.

Bank Directors Acting as Sub-Banks.

The directors of this institution live in a farming country, stretching out for miles in every direction from the little town in which the bank is located. On "Board Day" they drive around among the farmers and business men in the small villages near their own residences, collecting the deposits which they bring to the bank. During the week these directors act as pocket banks, frequently cashing checks and making small loans on behalf of the bank for the accommodation of its customers, all of these transactions being settled on "Board Day."

When the cash was checked and put away in the bank's vault, a huge lunch was placed on the table, and all fell to in a manner evidencing hearty appetites. During the lunch various matters of local news and interest were discussed, after which the Board convened for a formal meeting, attending to such business as was brought before it. No haste marked the progress of the meeting, which was prolonged, after the formal matters had been disposed of, into somewhat of a social gathering. These bank directors had given up the day to the bank, and they extracted the greatest amount of enjoyment from the duty.

Every one of the directors of this bank is an active agent for the bank, enabling it to extend its sphere of use for miles around to the great convenience of people living at a distance.

The examiner was deeply interested. Here was a bank that existed because of its usefulness! Here was an example of a public institution in the fullest sense of the word! It is quite probable that the actual practice, safely conducted by these sturdy and prosperous farmers, could not be adopted in many other localities. The examiner was impressed, not so much with the things actually accomplished as with the spirit prompting the extending of the helping hands to the general good by the directors.

Concealed Desire to be of Real Benefit to the Community.

It is believed that this spirit exists in a majority of bank officers to no less degree than among other classes of people. In some cases, it is true that the

veil of conservatism obscures the real desires of the bank officials, while in other cases perhaps the active expression of that desire is slow in coming to the surface because the way to give life to that expression does not seem clear enough.

Can we not best begin the broadening of our field of usefulness by subjecting ourselves to a little self-examination?

Let us first ask why the particular bank in which we are interested exists? What would happen if we should close our doors? Would the people in the community suffer any inconvenience if we should go out of business? Another question almost naturally following an effort to answer these, consists in the inquiry as to whether the people in our community could be better served by a change in our methods.

The bank officer is so completely occupied during each busy day that he can find little time to study his bank in its relation to its depositors.

Scope of Banking Duties and Privileges Narrower Than Necessary.

Thoughtful consideration of the function of a bank is an occupation of the mind leading to a better education on the part of one so applying himself. One of the earliest forms in which the question will become shaped in the mind of the banker consists in an effort to thoroughly comprehend the proper scope of a bank's usefulness. He knows that much difference of opinion exists among his friends regarding the extent to which bank officers should go in efforts to reach the public.

Some hold that a bank should be operated so that it will become as much of an actual convenience to the people as possible, and in so doing they should, if necessary, go out of the way to find opportunities to help their customers out of difficulties, while others cling to the belief that the larger amount of conservatism manifested in their dealings with depositors and customers the sounder the bank will appear in the eyes of the community. Still others occupy the middle ground between the two extremes, acting more or less warm according to circumstances; but an analysis of the prevailing views and practices among the banking fraternity seems to demonstrate that the most far reaching customs among sound bankers do not indicate the measure of the full scope of the position which banks might occupy in their relation to bank users.

The subject cannot be disposed of easily. No one can settle the matter off-hand. Perhaps we may, however, examine a few of its aspects in the light of the earnest desire possessed by most bank men, to fulfil their highest functions.

What Should Be Done to Protect the Bank from Ruinous Competition.

In an effort to take hold of the general subject let us contemplate the prospect of facing a rival. Let us imagine that some of our friends are beginning to talk about starting another bank across the street, or in the next square. What are we going to do about it? Does not the feeling steal into the conscience that the outside movement may indicate some weakness in our institution, some failure to grasp a full understanding of the needs of our community?

In order to satisfy our minds that there is no fault within our doors, let us go into our bank critically, department after department, overhauling in the process the manners and methods of each and all of our people. Let us do this in an effort to discover some way in which we can correct our faults and, in addition thereto, create some facility particularly needed by the people in our community.

Banks partially possess fields of operation in which they should be supreme, and in which they should have monopolies created not by any arbitrary power, but by the perfect satisfaction of the bank users in those fields.

When we have satisfied ourselves that our bank can supply all of the banking facilities needed by our people better

than any other bank, should we not take great pains to let the people know about it?

Bank Advertising on the Highest Plane.

If the average man was accustomed to discriminate in his dealings with others, it would follow that the natural, orderly and purposeful conduct of a bank would attract to it all of those whose convenience would be best served by that particular bank; but it must be remembered that ordinary people do not study such matters from an intelligent desire to obtain the best results from their banking connections. Business men ordinarily do not know what good a wise bank cashier can do for them until they have been brought into intimate relations with him. Many men, through mere force of habit, will go out of their way to another bank and suffer loss of time and energy that can be saved to them if they can be brought in touch with the bank which they should naturally use. This absence of initial effort among people generally brings about the condition calling upon the bank to take part in educating depositors into using their most natural bank—the one in the neighborhood.

How this thought may best be promulgated is a problem which each bank must solve for itself. It should be kept in mind that to be successful, the campaign must have back of it, in the minds of the bank officials, the firm conviction that the particular use which the bank can perform to its own constituents in the neighborhood places it in the position of a natural banking center for that neighborhood.

Natural Banking Districts.

Perhaps it would be well to say here, that while every bank is or should be in the center of some natural sphere or zone of usefulness, either territorially or otherwise, this paper is more especially devoted to a consideration of the *territorial* zone surrounding banks a little out of the banking centers. Such banks as are part-way uptown, suburban, or located in small cities have special duties to perform to the people in their neighborhood. To help bring the bank and its natural constituents in its own district into complete and harmonious relations is our object at this time.

Who are the people in the bank's own district? Would it not be well to obtain information concerning all who, in our opinion, should be attracted to our bank? The best way in which this important information may be made available is by the use of small cards such as are frequently used in index systems. On these cards should be recorded the name, address, business, and any other obtainable facts regarding every possible depositor. These cards should be grouped into classes, some of which are suggested as follows:

A, manufacturers; B, merchants; C, professional men; D, miscellaneous; E, people residing in the district whose business takes them elsewhere.

Considerable labor will be involved in the preparation of these lists, and it might, at first blush, be considered too much trouble to be imposed upon the clerks and officers of the bank. The people in our own bank must be filled with enthusiasm in order that it may be effectively transferred to our depositors, and the labor of preparing these cards, while arduous, in itself will constitute a process of education among our own bank people. These lists need not be hastily prepared. The work can be accomplished gradually, little by little every day. So long as it proceeds without stop, these lists will be completed soon enough for the next step, which consists in the preparation of the proper kind of literature.

Reading matter sent out to the different classes of people as shown by the various lists should be adapted to the particular classes of people intended to be reached. A series of notices, statements, folders, pamphlets, booklets on banking and business topics will produce a much better result than either any one spasmodic effort, or continued

repetitions of hackneyed words and phrases.

The Educational Work Must Be Organized.

While all of the bank officers, directors, and even some of the stockholders should be brought into the propaganda, to some one officer of the bank should be assigned the special duty of directing the educational department of the institution. He may find it helpful to obtain the assistance of some one a little more accustomed to the preparation of such literature. If so, inquiry among the directors and stockholders will probably produce one who will supply the needed talent. Whoever actually prepares the matter for distribution, the active interest of all of the bank people should be aroused and the organization of the bank so arranged that some one officer can be given a sufficient amount of time to attend to this important work.

While this campaign of education may in reality amount to advertising, the way in which it is done and the character of the literature sent out may easily take the campaign out of the ordinary plane of advertising into a form of real use. While touching on the matter of advertising, it may be worth while to notice that banks are now beginning to attach importance to distinctive advertisements. Some suggested thoughts may be obtained from the few specimens of magazine and newspaper advertising seen recently:

CORN EXCHANGE NATIONAL BANK,
PHILADELPHIA.

A bank for merchants should have funds in hand when needed, otherwise its customers are handicapped.

Resources of this bank $22,000,000.

THE BANK OF NORTH AMERICA,
PHILADELPHIA.

Age and experience are the foundations on which this bank rests.

Oldest Bank in America

Chartered by Continental Congress, 1781.

ASTOR TRUST COMPANY,
NEW YORK.

Trustee for Personal Trusts

No individual can possibly have the collective experience, knowledge, administrative ability and responsibility for these Trusteeships which this company commands and places at the service of its customers.

Confer with our officers in regard to your trust business; our expert service costs no more than that rendered by an individual.

LAND TITLE & TRUST COMPANY,
PHILADELPHIA.

To The Housekeeper

A deposit account provides the safest way of paying bills. Every check is a receipt. You don't have to worry about burglars stealing your house money, and it would not do one any good to steal your check-book.

Every Modern Convenience

for depositors, with special accommodations for ladies, can be had at the Land Title & Trust Company.

TITLE GUARANTEE AND TRUST CO.
NEW YORK.

Is Now the Time to Buy Stocks?

Perhaps it is—we don't know. Nobody ever knows. That's the trouble.

Now *is* the time to buy mortgages from us. They never will be worth less than they cost you.

CITIZENS' NATIONAL BANK,
LOS ANGELES, CAL.

No service this bank can render will be regarded as unimportant. Uniform consideration will be extended in every department.

OLD COLONY TRUST COMPANY,
BOSTON, MASS.

The services of the Old Colony Trust Company in the preparation and certification of municipal bonds have been adopted by the cities and towns throughout the country. Our method has the unqualified endorsement of all bond dealers, while the marked preference shown by investors for bonds issued under our plan has resulted in a distinct enhancement of their market value.

THE UNION NATIONAL BANK, CLEVELAND, OHIO.

For more than twenty-five years this bank has sought by securing desirable connections to render the best services obtainable to those, who may obtain accounts with it. The experience gained during this period of service is extended to those, who appreciating good service, will maintain adequate balances.

These extracts from advertisements in papers and magazines are not offered here as samples of advertising with a recommendation that they be copied by any other bank. They are simply used to illustrate the point that banks are beginning to depart from the customary stereotyped form of advertising, consisting simply of a card or statement of the bank's condition. In other words, it seems to be in the air that banks are desirous of telling the people just what can be done.

Acquiring Acquaintances Through Organized Calls in the Neighborhood.

We may now return to the more personal campaign idea. Use of proper kind of literature will undoubtedly have considerable effect in the process of educating the people to use the bank in the neighborhood, but much more good can be accomplished in a direct personal interview. In order to carry this out systematically, it is suggested that lists of fifty names each be prepared from the information cards, and that one of these lists should be assigned to each and every officer, director and clerk in the bank with carefully prepared instructions regarding the proposed interviews with desired depositors. We must not overlook the stockholders in distributing these lists. It will be found among the stockholders that a certain proportion will be glad to help build up the business of the bank, if they are requested to do some definite thing.

The difficulty in getting work done in any organization similar to a building and loan association, a club, or a bank is reduced to a minimum if a definite plan is prepared and each one in the organization is requested to do some definite thing. It will be found that many of these stockholders will be glad to coöperate in carrying out specific requests.

Tokens to Those Producing Results.

A certain amount of enthusiasm can be aroused among all those connected with the bank without and other inducement than that of helping the bank become more useful. An additional stimulus judiciously applied will, in many cases, act beneficially. It is not possible to designate a prize suitable in all cases. It is suggested, however, that proper rewards be given in the form of an honorarium or some object of art or product of literature to those bringing to the bank results in the form of desirable depositors. Some little token received in this way would be esteemed far above its intrinsic value, and the thought of compensation would thus be raised above a mere commercial basis.

Why Should the Bank's Doors Be Closed at Night?

A banker who has recently returned from the convention in California says that the most notable thing observed by him in visiting several of the banks on the Pacific Coast was the attractiveness of the banking buildings and the entire absence of grated windows. At night, he says, the banks were lighted up, and some of them looked like big halls or museums. What possible objection could there be to having social and educational meetings of clerks, directors, stockholders, depositors, proposed depositors, and various classes of people in the bank in the evening? As a rule, the large directors' room is really used for no other practical purpose than for holding the ordinary board meetings. Why not turn this room into account and have frequent meetings here for the purpose of carrying on the educational idea of the bank. Besides the great value to the banking people and

to the public to be derived from the getting together at appropriate and properly conducted meetings, the mere fact that the bank is lighted up and it is known that meetings are being held will impress every passer-by, fixing the bank and its progressiveness in his mind in a way that will not be easily forgotten.

The Bank Club.

Another progressive movement in the development of the educational idea consists in the formation of "The Bank Club," the nucleus of which would, of course, be such of the officers, directors and clerks of the bank as are interested; but the membership need not be limited to the bank's own people. There is splendid opportunity by means of this club for a course of instruction in business and banking. Series of lectures by recognized experts in business, banking and accountancy subjects would create an intense interest in the bank offering such opportunities.

Many of our business men would like very much to attend scientific evening schools, but the distance from their homes practically forbids such enjoyment to all but comparatively few. The formation of a bank club for the express purpose of conducting such an evening school of instruction in matters pertaining to higher business, accountancy and banking laws and customs would, it seems to me, form a very attractive feature of the bank.

With rent, light, heat and janitor's service furnished by the bank, this club could be conducted at a nominal expense to the members, and if carried on in an earnest and sincere way it would be of inestimable benefit to the young men of the community. Moreover, the good use performed would not fail to react beneficially upon the bank.

At set periods during the year certain of these lectures could be made available to others beside the members of the club. If care is taken in sending out the invitations to those on the lists of desirable depositors who may be reached best that way, the club will be found a very great adjunct in helping build up the business of the bank.

It is a curious principle that any effort to do some real good to others seldom fails to be appreciated. The effect is not always quickly noticeable, but sooner or later the good put out returns with interest. This principle is particularly noticeable when applied to efforts by a group of men to assist others through the transmission of useful information. Conviction that the results will be of benefit to the institution adopting the plan furnishes the reason for its suggestion.

NATION'S BANKING LAWS WORN OUT, SAYS ALDRICH

At a special session of the American Academy of Political and Social Science held in Philadelphia December eighth, Senator Aldrich, chairman of the National Monetary Commission, said:

"The structural weakness and practical defects of our national banking system are shown by the relative growth of national banks and State banks and trust companies in the past twenty-five years. Within this period the number of national banks has increased 4,268, while the number of State banks and trust companies has increased 11,085. The capital and surplus of the State banks and trust companies have increased in the same time from $175,000,000 to $1,283,000,000. In many important communities practically all of the banking business is carried on by State trust companies.

"If we are to give the banks of the country and of every section an opportunity which can only be afforded by the general government for association and coöperation, the result must be of such a nature as to be mutually beneficial to all banks and clearly in the interests of the people of the country as a whole.

"It must be an organization that will, as far as possible, insure reasonableness and steadiness of rates of discount throughout the country, that will prevent the possibility of bank suspensions in the future. It must be an organization which will have both the power and the purpose to maintain at all times, under all circumstances, the credit of the great people whose interests it is bound to serve."

CONVERSION OF THE JAPANESE DEBT

AN interesting summary of the manner in which the Government of Japan has during the past year endeavored to substitute four per cent. for five per cent. obligations is given in the first number of "The Oriental Economic Review," which appeared early in November under the direction of Mr. Motosada Zumoto. A syndicate of fifteen leading bankers of Tokio and Osaka was formed in February last to take the new four per cent. bonds. The Government issued a statement, showing that the entire public debt of Japan amounted to 2,585,000,000 yen ($1,292,500,000), bearing an interest of $61,000,000 per year. The conversion was directed chiefly to the large amount of the bonds absorbed at home, representing about $661,500,000, rather than to the loans placed on the European and American markets. It was calculated that if the domestic loans were converted into four per cent. bonds, to mature in sixty years, and to be issued at the price of 95, the Government would be able to save 10,170,000 yen ($5,085,000). The Government had in view not merely the saving on the debt, but that "there would be a general decrease in the rate of interest on local and other debentures and a general change in the attitude of the investing public."

With these objects in view, the Government issued two blocks of four per cent. loans, each for 100 yen, at the price of 95, to remain outstanding for ten years and to be subject to call during the following fifty years. The syndicate was to receive a commission of one per cent. Interest to be paid for the first year was that of a full coupon. This was a kind of bonus to the subscribers, for the rate of interest for the first year would actually amount to 6.6 per cent. as against the money paid in. From the second year, the actual interest was 4.23 per cent. In order to make the issue a success, the Government lowered the interest on Postal Savings Bank deposits, and caused the Bank of Japan to take a similar step. Moreover, it permitted the intending subscribers to the new loan to offer five per cent. bonds in exchange under very favorable terms.

Under these circumstances, the issue of the four per cent. loan, amounting to 200,000,000 yen (or approximately $100,000,000), was successfully carried out. There were 589,049,635 yen worth of domestic loans, at the end of January, 1910, which the Government could call in if it wanted to do so, their term having expired. On account of the new issue, therefore, the Government could call in nearly 190,000,000 yen $95,000,000) of the five per cent. bonds.

After the redemption there remained roughly 400,000,000 yen ($200,000,000) of domestic bonds still to be repaid. In order to partly cover the difference, the Government announced on April 30, the issue in France of a four per cent. loan amounting to 450,000,000 francs ($87,075,000), and on May 6, that in England of a similar loan amounting to £11,000,000 ($53,696,500). Both were to remain standing for ten years and to be repaid in the following fifty years. The issue price was 95.50 francs for the French loan and £95 for the British loan.

The Government receipts from the French loan, after subtracting commissions and other expenses, are presumed to be 158,000,000 yen ($79,000,000) approximately. With this sum, the Government announced the calling in of 190,092,000 yen worth of five per cent. bonds. The deficit had to be made good by an appropriation of nearly 20,000,000 yen ($10,000,000) from the Debts Readjustment Fund (in the general

budget) and also from the British loan.

The bulk of the latter loan, amounting to 107,393,000 yen, was spent in calling the domestic five per cent. bonds, which had been sold in London in 1897 and 1902 with the Government indorsement as regards the exchange quotations. These bonds amounted to 93,000,000 yen ($46,500,000). After the redemption, it is believed, there must be a balance of the Government receipts from the British loan of about 5,000,000 yen ($2,500,000).

Japanese domestic loans on January 31, 1910, amounted to 1,419,874,589 yen ($700,000,000 in round numbers). Of this sum, 830,824,954 yen belonged to that category of bonds which must still remain outstanding. Of the remaining 589,049,636 yen 500,000,000 yen ($250,000,000) have been repaid thus far during this year from the proceeds of the conversion loans and from the general budget account. The balance is covered by exchequer bonds (third issue), to be repaid from the general budget next year.

BRITISH CONSOLS AND THE SAVINGS BANKS

An interesting analysis of the relation of the price of consols to the purchases of such securities by the savings banks is presented by Mr. A. H. Gibson in the "London Bankers' Magazine" for November. The article has a bearing upon some of the solutions proposed for the present situation in the market for the two per cent. bonds of the United States. It appears that even Great Britain, with her high credit, has not been able to keep even a two and one-half per cent. security from falling far below par when the artificial prop of purchases for the savings banks has been removed. There as here, a mistake seems to have been made in estimating the value of government credit. The query is raised by Mr. Gibson why the government should have carried through the conversion scheme of 1888 if it had no reasonable grounds for believing that the price, after the second reduction of the interest rate in 1903, would remain in the neighborhood of par. He declares that "the very fact of British credit remaining stationary over the forty-year period, — 1835-1874 — precluded any financier drawing the conclusion that the rise in prices after 1874 was the direct outcome of a rise in British credit, yet the government of the day drew that conclusion." It is further pointed out that an examination of the buying of consols on savings bank account "should have convinced anyone that when the government bought extensively, the price of consols rose, and when it diminished its purchases, or its sales exceeded its purchases, then the price once more fell." On the contrary, the higher the price rose, the more consols were bought, and while the government was more or less restricted in its field of investment, it was entirely competent to have brought an act into Parliament to have widened the field. Taking due account of the fact that the interest rate was reduced in 1889 from three to 2 and three-fourths per cent., the following table of purchases for the post-office and trustee savings bank funds illustrates the manner in which the price was artificially bulled by savings bank purchases, and fell off when such purchases fell off:

Year ended Dec. 31	Excess purchases of Consols.	Av. price of Consols for the year.
1881	£11,199,780	100
1882	11,580,034	100 1-2
1883	11,556,733	101 3-16
1884	10,537,410	101
1885	4,907,063	99 1-3
1886	5,451,461	100 4-5
1887	7,182,388	101 4-5
1888	10,127,782	99 1-2
1889	8,949,763	98
1890	2,048,347	96 1-3
1891	*1,923,160	95 3-4
1892	3,029,193	96 11-16
1893	2,514,813	98 1-2
1894	11,130,476	101 1-16
1895	15,353,228	106 1-6
1896	15,630,057	110 3-4
1897	9,560,371	112 13-32
1898	6,293,081	110 15-16
1899	2,804,319	106 7-8
1900	*746,562	99 5-8

* Excess of sales over purchases.

This experience of the British Government may afford an indication of a means for getting rid of our two per cent. bonds by transferring them to the postal savings bank as its deposits increase, but it would undoubtedly be necessary to increase the rate of interest upon bonds thus acquired by the savings bank, in order to afford the institution sufficient income to pay depositors the rate fixed in the postal savings law.

THE AUSTRO-HUNGARIAN GOLD STANDARD

THE effort to establish an independent bank of issue for Hungary has been practically given up and negotiations have reached an advanced stage for the continuation of the charter of the Austro-Hungarian Bank upon the old basis. The occasion has been seized, however, by Hungarian statesmen to demand that the gold standard, which was provided for by the law of 1892, shall be made effective by the compulsory redemption of the notes of the bank in gold. The philosophy of the discussions which have been going on in Vienna on the subject are thus outlined by the Vienna correspondent of the "London Economist" of October 5 last:

"The governments of Austria and Hungary have passed through a very critical period of the negotiations which are to settle definitely the question of the common bank, the statute for which is about to be renewed. The Hungarian Chauvinists' untiring efforts to obtain an independent Hungarian bank have been defeated, and every reasonable Hungarian admits to-day that Hungary's credit would have suffered severely had the Independent party succeeded in severing the economic ties which bind Hungary to Austria, and consist in a common customs frontier and a common note-bank. But even the successors of Dr. Wekerle and Franz Kossuth have not been able to obtain an unconditional surrender in the question of the common bank, but have been obliged to make the immediate return to cash payments an absolute condition for Hungary's consent to the renewal of the bank statute. Both the Austrian and Hungarian Governments were several times on the verge of tendering their resignation while the negotiations lasted, and the danger of a double crisis is only just over, since an official communication is published to-day to the effect that the Premiers and Finance Ministers of Austria and Hungary have succeeded in overcoming the greater part of the differences of opinion held on the subject of the return to cash payments in either half of the Dual Monarchy. The question has so far advanced that at present the two Finance Ministers are discussing with the leading persons of the bank the principle on which the details are to be arranged by the experts on both sides. Concessions had to be made on both sides to obtain this satisfactory result. The Hungarian government had to give up their demand that the date for the return to cash payments should be fixed immediately, and the Austrian government had to give up the principle by which the question of cash payments could only be settled in Parliament. Although the official communication does not give any information on the points of the agreement, it may be assumed that the Austrian government is giving guarantees that the return to cash payments will not be delayed for political or other reasons when a financially favorable moment shall have come, and that the Hungarian government promises not to insist upon fixing the date at a financially unfavorable time. It should be noted that since 1892 Austria has actually returned to cash payments, since there is no rate of exchange between paper and metal currency. The banknotes issued by the Austro-Hungarian Bank bear the following inscription: "The Austro-Hungarian Bank at the tills of its head establishments in Vienna and Budapest on demand immediately pays for this note 20 crowns in legitimate metal coin." If the new bank statute contains an agreement as to the return to cash payments signed

by both governments, this will be the keystone to the Austro-Hungarian currency reform."

THE RECENT ENGLISH BANK FAILURES

THE recent suspension of payments by the Charing Cross Bank in London has directed renewed attention to the freedom from supervision which exists under English law for all kinds of banking institutions. In spite of repeated warnings from the London press during recent years, certain sections of the public appear to be willing to entrust their money to any institution which puts up the sign "Bank" and offers exceptional rates of interest. The Charing Cross Bank was practically a one-man affair, owned by A. W. Carpenter, who himself took the step of closing the doors. The institution had a considerable number of branches in various parts of the United Kingdom, and pursued the policy of expensive advertising and paying high rates of interest on deposits.

No clearer indication of the lines on which the concern was run can be found than by a study of its advertisements and circulars. In one of these it is stated that "loans will be granted at a few hours' notice on personal security, jewellery, etc., without removal." Interest on deposits was allowed at the rate of five per cent. per annum for money under three months' notice, seven per cent. on deposits under twelve months' notice, and no less than ten per cent. on money placed with it for a period of five years. The rate of interest on current accounts was as much as two and one-half per cent. From these particulars it will readily be seen that the concern did not carry on ordinary banking business, and it is therefore not surprising that it was not held in high regard by financial people.

The liabilities ranking for dividend are estimated by the debtor to amount to no less than £2,500,000, while the assets are expected to produce only about £360,000, and the value of some of these is decidedly problematical. In addition to these assets the debtor held an interest in certain gold-bearing land in the Transvaal, in the New Canadian Co., Ltd., and in the Atlantic, Quebec and Western Ry. This latter is considered to be the chief asset, but only twenty-one miles have been completed and opened for traffic to date out of a total proposed length of 362 miles,

When the doors of the Birkbeck Bank were opened for business on the morning of Friday, November 11, it was found that many of the bank's depositors had taken fright (which was not, however, shared by the financial community) at a circular which had been anonymously issued, urging them to withdraw their money immediately from the keeping of the Birkbeck Bank, the reason given being that this institution was involved in the failure of the Charing Cross Bank. The assertion was quite unfounded, for there is no connection whatever between the two concerns and their businesses are utterly different, the one from the other; but as a consequence of the issue of this circular, some hundreds of timid depositors congregated at the entrance of the bank in the morning, and a special force of about thirty constables had to be requisitioned to preserve order. This was easily done, however, by the people being lined up into two queues at the rear entrance of the bank, the front entrance being merely used as an exit.

As the day proceeded, however, it was clearly seen by many that there was no solid foundation for the anxiety evoked, for it became quite clear that the bank had ample funds in hand with which to meet all demands made upon it. Later in the day an official announcement was made by the bank to the effect that substantial assistance had been given by the Bank of England, and the knowledge of this fact succeeded in reassuring the shaken confidence of the depositors. As in the case of the Charing Cross Bank, those having money in the institution were chiefly of the middle and working classes.

The Birkbeck Bank, so far as is known, has always been well managed.

This, however, is not the first time that a run has been made upon it, the previous occasion being in 1892, following the failure of a number of building societies, among which this institution was then classed; and the resisting power of this concern had the effect, after the run had subsided, of doubling its deposits. Since that time the class of business transacted has become almost purely that of banking, and the deposits have continued to expand, until they now amount to the respectable sum of about £11,000,000. Its assets, too, which amount to £12,300,000, are of a very substantial character, including as they do £726,600 in mortgages and loans and property on hand; £8,741,000 in gilt-edged securities; £700,000 in ground rents, bank buildings, etc., and £1,070,000 in cash on hand and at the banks.

THE BANK CRISIS AT SHANGHAI

THE unusual occurrence of a bank panic in China marked the month of October at Shanghai. The Yuan Fen-Yung Exchange Bank was unable to pay a draft of 75,000 taels, and closed its doors. Its branch at Pekin did the same, and was followed by sixteen other native banks. The amount involved, according to the "London Economist," of November 5 last, was variously estimated at from 1,500,000 taels to 13,500,000 taels. Various causes were responsible for the crash. Most immediate was the dismissal of the Taotai of Shanghai, who, in his desire to rehabilitate himself by showing a surplus in his accounts, called up all the funds for which he was responsible. Since the Yuan Fen-Yung Bank had the handling of the customs revenue and the indemnity payment, it was the first to feel the pinch. But the rubber boom was at the bottom of the trouble: as much as ten million taels is said to have been borrowed from the banks to buy shares, principally by natives, and since the slump the loans cannot be covered. Government refused to relieve the situation by postponing the time of payment of the indemnities; but it assisted the market by setting free other funds through the Ta-Ching and Communication Banks.

One of the incidents of the crisis was a run on the Ning-po Commercial Bank at Shanghai. We quote the following description from the "North China Herald"; it shows that there is not much difference between East and West when it comes to a run on a bank:

"From behind the counter one caught sight of rows of anxious faces, and outstretched arms, flourishing precious pieces of paper, were thrust through the grille in the hope of attracting attention. At short intervals stout padlocked boxes, each containing $5,000 in silver, were brought out of the strong room. As soon as they were unlocked the packets of dollars were removed and weighed, any packets that were broken being thrown aside for counting and repacking. Above the clamour of the waiting crowd could be heard the clicking of *suan-p'ans*—the Chinese abacus—as they moved under the deft fingers of the staff. As the dollars were handed across the counter the obvious anxiety of each recipient gave place to a look of intense relief. Some depositors who withdrew large amounts were scarcely able to stagger out of the bank with the load. At the end of the day it was understood that the run had practically finished."

BANKING IN AUSTRALIA

THE celebration by the Bank of Australasia of the diamond jubilee of its foundation, which occurred on October 6 last, was made the occasion by the Chairman of an interesting review of the expansion of the bank and general conditions in Australia. A bonus of ten per cent. was distributed by the bank on salaries, absorbing about £20,000, and an extra dividend was paid to shareholders. The chairman pointed out, as his remarks are outlined in the "London Bankers' Magazine" for November, that much had happened in

Australia during the last few years and that if the experience which followed the crisis of 1892-93 were repeated, it would not be attended by such adverse consequences to the bank and its shareholders, since the directors had made provision for every contingency.

Considerable expansion was reported by the bank in the past three years, the management having added forty branches in Australasia and New Zealand, and this, of course, had meant a considerable outlay, but, nevertheless, profits had steadily improved. The chairman dealt with two measures which have been under consideration by the Australian Legislature, and which may have a considerable bearing upon banking business. One is the bill for the purpose of establishing the federal note issue, and the other is the bill for the levy of a very considerable amount of additional taxation on land.

As regards the introduction of the federal note issue, one effect it will have will be to put a stop to the note issue of the Bank of Australasia, which for many years it has carried on with some profit to itself and considerable advantage to the community. The other bill will affect the bank, inasmuch as it will tax not only the site value of its premises, but also any landed property that may come to it in the course of business, either through foreclosure or in other ways.

THE FRENCH BANK OF THE RIVER PLATE

THE success of the French in seizing an opportunity for participation in the development of Latin America is illustrated in a striking way in the history of the French Bank of the River Plate. Although founded in 1886, the operations of the bank were comparatively modest in amount down to the beginning of the present century, when the outburst of commercial activity in the Argentine began to attain serious proportions. The charter of the bank, originally fixed for thirty years, from November 20, 1886, was extended in 1908 to December 31, 1950. The capital, which remained at only $3,000,000 down to 1904, was increased in that year to $4,000,000; in 1905 to $8,000,000; in 1907 to $12,000,000; in 1909 to $16,000,000; and in 1910 to $20,000,000. It is proposed to raise the amount soon to $40,000,000.

It has not been difficult to obtain subscriptions for new capital in view of the generous profits shown by the bank since the close of the last decade. The net profits earned in the year 1900 were 866,955 francs ($170,000), which increased in 1905 to 1,962,716 francs; in 1906, 3,689,898 francs; in 1907, 4,688,015 francs; in 1908, 5,935,520 francs; and in 1909, 7,012,760 francs ($1,353,000). The rate of dividend for the past five years has been forty-five francs, or nine per cent. per share. Branches of the bank have been extended to all the important centers of the Argentine Republic and aid has been given in the creation of a new institution, with a capital of $2,000,000, known as the Argentine and French Bank.

The outstanding loans and discounts at the close of the year, which were only 40,141,000 francs in 1900, had risen for 1909 to 198,841,000 francs. Deposits during the same period increased from 48,997,000 francs to 172,373,000 francs ($33,270,000). The surplus at the close of 1909 amounted to $1,940,602, which was more than twelve per cent. of the paid up capital. The amount has been increased since the close of that year by a considerable premium on the new shares, which were placed during July last.

THE GREEK MINOR COINAGE

A SLIGHT modification has been made by the members of the Latin Monetary Union in the last convention regarding subsidiary coinage, in order to accommodate conditions in Greece. The other four governments,—France, Belgium, Italy and Switzerland,—have agreed to modify

the provisions of the protocol of the convention of November 4, 1908, according to which the profits resulting from the coinage of new silver should be employed by the Greek Government in the redemption of bank-notes. The modification consists in permitting an amount of 2,000,000 francs derived from this profit to be employed in reforming the minor coinage in Greece, which is now redundant and of various types.

QUARTERLY AVERAGES OF THE BANKS IN AUSTRALIA

June 30, 1910.

Banks.	Deposits.	Advances.	Coin and Bullion.
Bank of New South Wales	£30,385,894	£20,909,856	£8,505,327
Union Bank of Australia, Ltd.	18,199,904	13,234,126	4,471,983
Commercial Banking Company of Sydney	17,382,622	13,292,569	4,765,784
Bank of Australasia	15,573,019	10,935,126	3,532,455
Bank of New Zealand	13,890,508	8,856,130	2,584,587
National of Australasia	9,247,737	7,567,824	1,531,936
Australian Bank of Commerce	3,591,715	3,329,235	512,581
Commercial Bank of Australia	5,317,405	4,815,450	1,106,455
Queensland National Bank	6,450,316	5,981,933	1,467,904
E. S. & A. Bank	4,536,573	5,580,846	929,706
Bank of Victoria	5,822,695	5,868,437	814,002
London Bank of Australia	3,930,311	3,456,578	607,770
Colonial of Australasia	3,460,304	2,973,092	520,068
City Bank of Sydney	1,324,500	1,285,301	181,270
Commercial of Tasmania	1,553,378	1,650,550	255,581
National of New Zealand	3,620,414	2,742,941	831,574
Bank of Adelaide	3,031,972	2,207,068	598,645
Royal of Queensland	1,361,830	1,405,034	424,917
Royal of Australia	1,512,792	1,776,439	267,780
Bank of North Queensland	680,364	636,093	77,449
National of Tasmania	553,354	621,761	100,581
Western Australian Bank	2,448,055	2,469,289	1,050,350
	£153,875,662	£121,595,801	£35,138,405

PROPOSED AMERICAN BANK IN MOSCOW

THE Trade and Industry Gazette, of St. Petersburg, has an article on the proposed American bank in Moscow, from which the following paragraphs are translated:

"Such a bank, first of all, could do away with all the middlemen and intervening instances in the cotton trade between Russia and the United States. At the present time Russian manufacturers overpay considerable sums to foreign and Russian commissioners; besides this the process of accounting costs them very dear. In connection with this it is necessary to remark that the cotton trade is comparatively well organized, inasmuch as the American exporters and the Russian importers belong to first-class commercial houses. However, the trade with other raw material and finished articles is overloaded with many superimposed expenses. Herein opens a wide field for the activities of a bank.

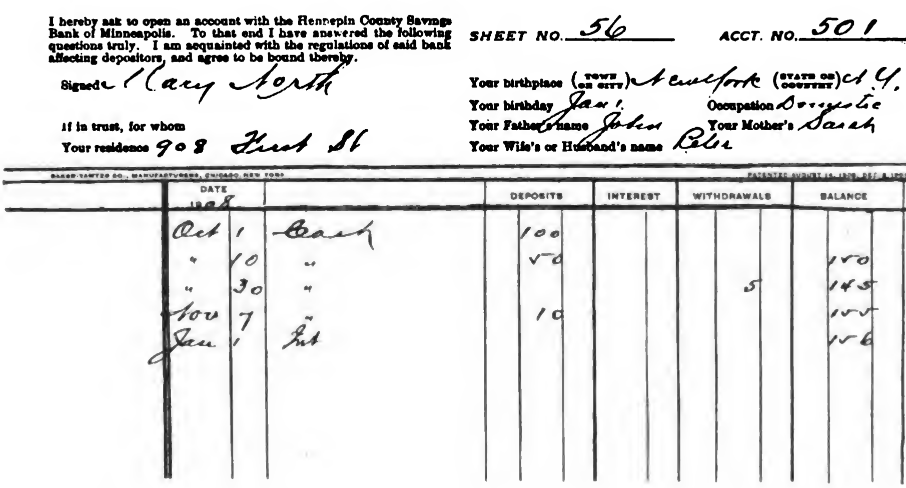
"The improvement in the technical side of the banking business, together with other measures which may be taken by the bank, would in a great measure and with considerable force tend to the development of Russo-American trade, the increase of the importation of products of American manufacture, such as agricultural machinery and their accessories, typewriters, etc., on the one side, and, on the other side, the increase of exports from Russia, such as skins, hides, wool, camel's hair, fur, peltry, linen, etc.

"For such a bank there would present itself the problem of attracting American capital for the exploitation and development of the natural wealth of Russia, the building of railroads and canals, and the financiering of various loans."

THE SAVINGS BANK IN ACCOUNT WITH ITS DEPOSITORS

By W. H. Kniffin, Jr.

IT has been decreed—the deposit ledger must go! The handwriting has appeared on the wall, "Thou art weighed in the balance and found wanting." Faithfully and well has it served its day and generation, but its day is past and its generation is passing, and in many banks it has taken its place on the shelf of the "has-beens," former. The increasing popularity of the savings banks and the increasing prosperity of the people, have brought about such a growth, both in the number of accounts and the frequency of the transactions, that modern times have demanded better methods, and the bound book had nothing to offer but its age. How universal is the trend toward



I hereby ask to open an account with the Hennepin County Savings Bank of Minneapolis. To that end I have answered the following questions truly. I am acquainted with the regulations of said bank affecting depositors, and agree to be bound thereby.

Signed Mary North

If in trust, for whom

Your residence 908 First St

SHEET NO. 56 ACCT. NO. 501

Your birthplace (town or city) New York (state or country) N. Y.

Your birthday Jan 1. Occupation Domestic

Your Father's name John Your Mother's Sarah

Your Wife's or Husband's name Peter

DATE 1908			DEPOSITS	INTEREST	WITHDRAWALS	BALANCE
Oct	1	Cash	100			
"	10	"	50			150
"	30	"			5	145
Nov	7	"	10			155
Jan	1	Int				156

FORM 1—LOOSE LEAF LEDGER SHEET WITH SIGNATURE AND TEST QUESTIONS TAKEN AT THE TOP. HENNEPIN COUNTY SAVINGS BANK, MINNEAPOLIS, MINN.

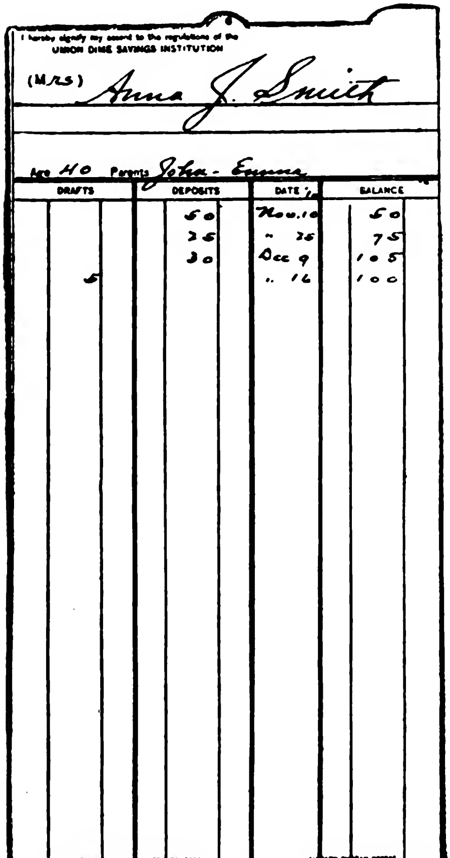
bearing between its covers the records of the struggle of the multitudes in their climb up fortune's ladder.

It needs no monument, for none regret its passing, and those who have witnessed the advent of better things in their institutions and must still earn their bread by the scratch of their pen, rejoice that it has gone. Its virtues are so concealed and its defects so apparent, that it would seem, without close analysis, to be entirely void of the the loose leaf and card systems, will be seen (as stated below) by the fact that in an investigation by the auditing committee of the American Bankers' Association (Savings Bank Section), covering 600 banks, fifty per cent. of the banks use one or the other, and but 123 out of the 600 still cling to the old idea. The card ledger is not a new idea, as many suppose, for a savings bank man of national prominence is sponsor for the fact that he found a savings bank

in Holland using card ledgers ***twenty years ago!***

The Bound Book Passing Away.

To say that the bound book has kept good account with the depositors, is to speak the literal truth;—it has "kept" the account so firmly and so rigidly that



FORM 2—CARD LEDGER WITH SIGNATURE AT TOP. (SEE TEXT.) UNION DIME SAVINGS INSTITUTION, NEW YORK

its very firmness has been its undoing, and the cards and loose leaves have come in to *keep* the account just as well, but to *let go* when a tenacious grip has no longer served a useful purpose.

As a book of account, to record the liabilities of the savings bank, its life has been long and useful,—too long according to the notions of those who have had to hunt among the "ruins" every time an account had to be found.

Like all things "ancient and honorable," it still has its friends and defenders, but these, one by one, are bowing to the inevitable and joining the ranks of the satisfied users of the loose leaf ledger or the card system. Even the "doubting Thomases" are admitting that the disadvantages of the bound book are so apparent, and the advantages of the other systems so manifest, that whatever merits the bound book may claim are so outclassed by the newer ideas that the weight of evidence is clearly on the side of the modern systems. The subject has been treated by the writer in these columns before, but the current series has clearly led up to the deposit ledger, and a review of the subject in newer form would seem to be timely.

We accept the fact without discussion that it is of the highest importance that the accounts of the bank with depositors shall be kept in such form as to be readily accessible for posting and proving, yet permanent and in such arrangement as to make alterations, substitutions, and manipulations difficult, if not impossible. The value of savings bank records was forcibly demonstrated in the case of Kelly vs. Buffalo Savings Bank (New York Savings Bank Cases, p. 67), where the action was brought nearly twenty-three years after the death of the depositor and several years after the last transaction that was questioned. The ledger account, being the *assembly of the original entries,* is, therefore, of vital importance, but not more so than the deposit tickets and draft receipts, which should be duly preserved as original vouchers which go to make up the ledger account. That the deposit ledger has accomplished all this is admitted, but in so doing has "accomplished" so many other things that it has discounted its own worth. It needs no long argument to prove that, while the records should be *permanent,* they need not necessarily be sewed to-

DEPOSITORS' BALANCES

Balance Dec 1, 1907.		December.		January, 1908.		Dividend, June 1, 1908.			
Number.	Amount.	Dr.	Cr.	Dr.	Cr.	6 Months.	3 Months.	No Int.	Dividend.
0.128	1232					1232		100	24 64
129	11 70					11		70	22
131	8 22		10			8	10	22	26
133	1 01					1		01	02
134	928					928			18 56
137	2867					2867			57 34
138	12 02					12	18	02	42
140	90 17					86		11 17	1 72
142	10	8 12	12			2			04
143	837 37					837		37	16 74
144	19 08					19		08	38
145	1					1		20	02
146	1010					1010			20 20
147	12 87				3	5		87	10
150	8219 17		100			8219	100	17	165 38
	15259 61					15235	128	133 61	306 04

FORM 3—SKELETON LEDGER, TRIAL BALANCE AND INTEREST SHEET. TWO MONTHS ONLY SHOWN ON ACCOUNT OF THE LENGTH OF SHEET. CARD SYSTEM USED FOR INDIVIDUAL ACCOUNTS, SUPPLEMENTED BY THIS SKELETON LEDGER. THE CLERK WHO KEEPS THIS BOOK IS NOT ALLOWED TO WORK ON THE CARDS. SOCIETY FOR SAVINGS, HARTFORD, CONN.

gether and bound between Russia leather covers.

The Bound Book No Safeguard.

History will demonstrate that the bound book has not prevented defalcations. Whether the safeguards thrown around the cards and loose leaves are sufficient to protect the banks from losses on this score remains for the future to determine. Certain it is that more serious losses could not occur under the régime of the loose leaf and cards than has obtained under the bound book. Recent cases in Massachusetts and Maine, in which nearly half a million was stolen from the banks and successfully covered up in the ledger accounts for many years, and an old one in New York by which the bank lost over $350,000 in the course of twenty years, amply demonstrate that the ledger is not immune from attack by a clever man. In the Massachusetts case, the bank made, or was *supposed* to have made, recently, a thorough verification of its pass book liabilities as required by law. According to the bank's accounts the institution was solvent; but when the true condition, as shown by the outstanding pass books, was known, a deficit of over $250,000 was revealed. The legislative committee that investigated this case severely condemned the trustees for not requiring yearly audits by outside accountants. In the last analysis, therefore, it is not the bank's ledgers, cards, or loose leaf ledgers that tell the true story of the *amount due depositors,* but the sum total of the pass books. It is, therefore, more essential that adequate safeguards be thrown around this part of the work, and that exhaustive periodical verifications be made of the pass books, than that the whole solvency of the bank shall rest upon the accounting system inside the institution. The average depositor can be depended upon to verify the amount due him as shown by the book in his possession, and manipulation of the pass books is a dangerous and rare practice. But manipulation of

the *ledger balances* is one of the easiest things imaginable in many institutions, and is given less thought than any part of the auditing work. This verification, of course, must be frequent and thorough. The laws of Massachusetts afford an excellent example of what should be done in this line, and the reports from the banking department of that State demonstrate the excellence of this idea in practice. Some banks have verified as high as ninety-five per cent. of the pass books in a period of six months.

The Bound Book Unexpansive.

The charges against the bound book may be summed up as follows: (1) It is full of dead wood. The time consumed in finding the living among the dead equals or exceeds the work placed upon the living. It is impossible to eliminate those accounts that are of no further use save as records. While dead, they are unburied, and like all things dead, but unburied, become offensive. While they may be invaluable as records, they are intolerable as a nuisance.

(2) The accounts fill up and must be transferred. This, perhaps, is one of its greatest weaknesses. It neither contracts nor expands. The dead accounts *cannot* be taken out; the live ones, or many of them, *must be.*

Deposits.

Date 1910		Number of Account	Depositor	Dollars	Cents
Nov	2	8768	A B Swift	37	62
		9372	F. B. Teller	10	
		10379	S. S. Small	35	

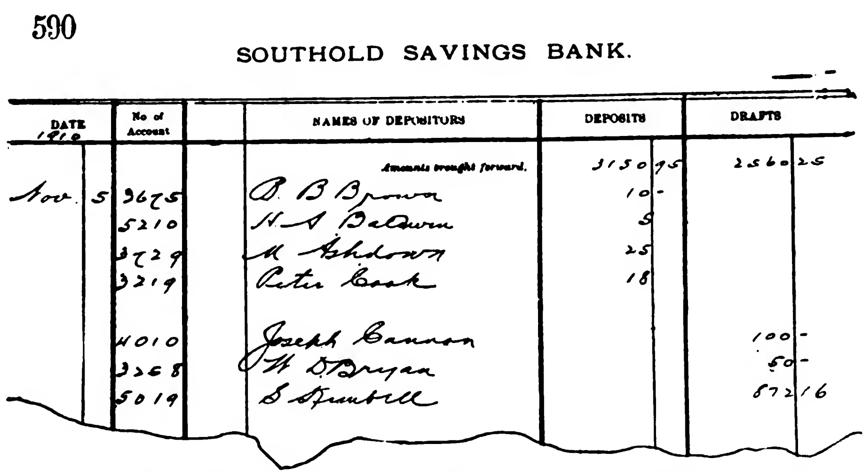
Drafts

Date 1910		Number of Account	Drawer		Amount	
Nov	2	6375	A. K. Topley		119	87
		9253	P. Postman		32	50
		8350	B. B. Banker		50	

FORM 4—DRAFT AND DEPOSIT JOURNALS—SEPARATE BANKS

The latter is usually accomplished by one of three methods: (a) Provide blank leaves at intervals; blank spaces likewise, or additional accounts unnumbered at the back. (b) Carry to the nearest open space (blank space on some closed account nearby). This is quite largely the practice, but as will readily be seen it takes the accounts out of natural sequence and in the end promotes confusion and delay in finding the account. As one bank that has dis-

carded this practice states, "Very often this open space would not be found except at quite a distance away from the original page. It would, therefore, take the account out of its rightful section, or block, which, according to our system, occasioned a difference in such section, which required a long search to rectify. This would be the case at every half-yearly trial balance as long as the account remained open." This idea has everything to condemn it and nothing to commend it. (c) The closing of the old and the opening of a new account every time the space is exhausted. This needs no comment, as it is about as lengthy a proposition as the bank man handles.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SOUTHOLD SAVINGS BANK.

DATE 1910		No of Account		NAMES OF DEPOSITORS	DEPOSITS	DRAFTS
				Amounts brought forward.	3150 95	2560 25
Nov.	5	3675		B. B Brown	10 -	
		5210		H A Baldwin	5	
		3729		M Ashdown	25	
		3219		Peter Cook	18	
		4010		Joseph Cannon		100 -
		3268		H D Bryan		50 -
		5019		S [illegible]		872 16

FORM 5—CASH-JOURNAL. DRAFTS AND DEPOSITS COMBINED. SOME BANKS MAKE THE ENTRY DIRECT, IN THE CASE OF DEPOSITS USING NO TICKETS

The Legal Side.

The bug-a-boo of legality, which has been raised against the loose leaf and the cards, is no longer an element to consider. The courts have ruled so plainly, and the logic is so clear, that *it is the original entry that counts,* and not the *assembly* of those original entries, that it may be taken for granted that the loose leaf will have as good a chance in court as a bound book—provided it is properly authenticated by the original entries (deposit tickets, draft tickets and pass books). The loose leaves of a bank ledger, containing entries, are competent, though not conclusive, evidence of the transaction to which they refer, when they are properly proved by the testimony of the employees of the bank. (Queen City Sav. Bank and Trust Co. vs. Reyburn, U. S. Circuit Court, East Pa., July 31, '08.) In a careful investigation of over one hundred savings bank cases in the New York courts, covering practically the entire savings bank litigation of that State, the writer has not found a single case in which the *amount* has been in dispute. It has usually been the *ownership* of the fund or wrongful payment thereon, but not the fund itself. It may be that in cases where the pass book has disagreed with the ledger, through the manipulation of the ledger account by the defaulter, the true balance could only be ascertained from the pass book, but in such instances the evidence is clearly *against* the bank and in *favor of the depositor.* But it is for his protection that the pass book was given him.

Speaking of the Card Ledger.

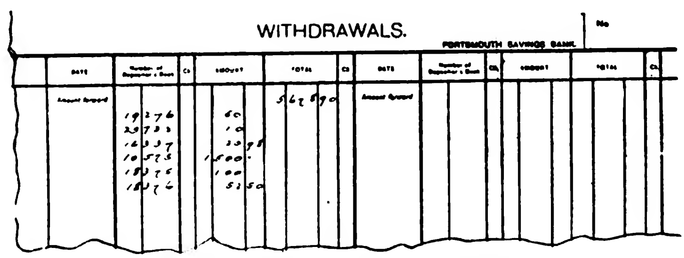
The Auditing Committee of the American Bankers' Association, Sav-

ings Bank Section, has steadily recommended the card system. In the report for 1907 the committee states: "In the interest of conservatism, many bank officers are opposed to the system, and we would advise a thorough examination into the whole matter before deciding to make a change from books to cards; we would advise writing to some of the large banks now using cards, for their experience and results; our replies from such have been uniformly satisfactory and even enthusiastic.

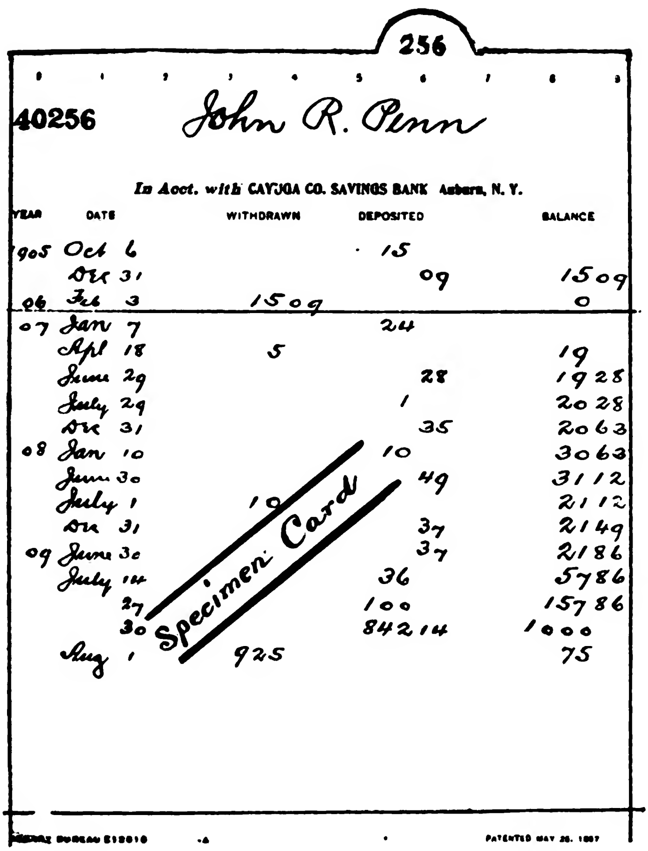
"As regards the danger of losing cards, our inquiries tend to show that this is but illusory. Experience has proven that no loss of cards has really been made; it is possible, however, that cards may be misplaced or temporarily missing, and as regards this, a very simple method will enable one to duplicate a missing card in a short time by observing the following directions: Draft and deposit tickets, after being used for posting, should be filed away seriatim, according to their numbers. This requires but little additional work; should a card be misplaced, a duplicate card can be made for that account by starting with a deposit according to the trial balance, and posting to it the drafts and deposits made since that date, as will be readily found when the draft and deposit tickets are filed seriatim."

The committee also recommended at this time that ledger accounts be ruled so as to be practically a duplicate of the pass book pages, and also that the balance column for both ledger and book be used, "as it checks mistakes, prevents overdrafts, supplies ready-made balances, which may be consulted and compared at all times, and is of greatest value when taking trial balances." In one large bank that adopted the card system, after most careful investigation, the order went forth that any clerk found guilty of misplacing a card would summarily lose his job. It is needless to state that the original force is still on the job, and the somewhat harsh order yet to claim its first victim.

Again in 1908 the committee reported, "The day of the old-fashioned bound ledger seems to be passing; one-half of the larger banks (from five to 5,000 accounts and upwards) use the card ledger; the loose leaf is used by more than fifty per cent. of the smaller banks—while the bound book is used by only 123 out of nearly 600 banks." As a further precaution against manipulating the cards, the committee in its 1909 report suggested that "the depositor affix his or her signature on the card at the same time he or she affixes his or her signature on the signature card or book when opening the account. Should such ledger card be abstracted and another substituted, it would necessitate a forgery of the depositor's signature on the signature card—a serious matter. (Form 2.) Some banks not only take the signature of the depositor on the ledger card, but also the depositor's age, and father's and mother's names. In small banks or small savings departments in discount banks, the signature and full pedigree of the depositor may be taken on the top of the ledger card, thus saving time and money by dispensing with the other signature or



FORM 6—JOURNAL. CASH WITHDRAWALS



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40256 John R. Penn

In Acct. with CAYUGA CO. SAVINGS BANK Auburn, N. Y.

YEAR	DATE	WITHDRAWN	DEPOSITED	BALANCE
1905	Oct 6		15	
	Dec 31		09	15 09
06	Feb 3	15 09		0
07	Jan 7		24	
	Apl 18	5		19
	June 29		28	19 28
	July 29		1	20 28
	Dec 31		35	20 63
08	Jan 10		10	30 63
	June 30		49	31 12
	July 1	10		21 12
	Dec 31		37	21 49
09	June 30		37	21 86
	July 14		36	57 86
	27		100	157 86
	30		842 14	1000
	Aug 1	925		75

FORM 7—CARD LEDGER. THE THREE-FIGURE TAB IS AN ORIGINAL IDEA. (SEE TEXT.) CAYUGA COUNTY SAVINGS BANK, AUBURN, N. Y.

pedigree cards. (See Form 1.) This latter suggestion is very good and works well, except in cases where the depositor does not write, or writes badly, when the ledger heading is apt to be "more artistic than beautiful."

One of the best features of the card ledger lies in the fact that by using a steel cabinet and having a fireproof building, the cards may be left in the desk over night without danger of burning, In fact, many if not most of the new banks are using steel filing cabinets for their books and other records, thus saving the cost of expensive vault room. The practice of putting books behind six inches of steel is gradually passing away—half an inch in a modern building is sufficient. Vaults are now used for securities and money only.

In Witness Whereof.

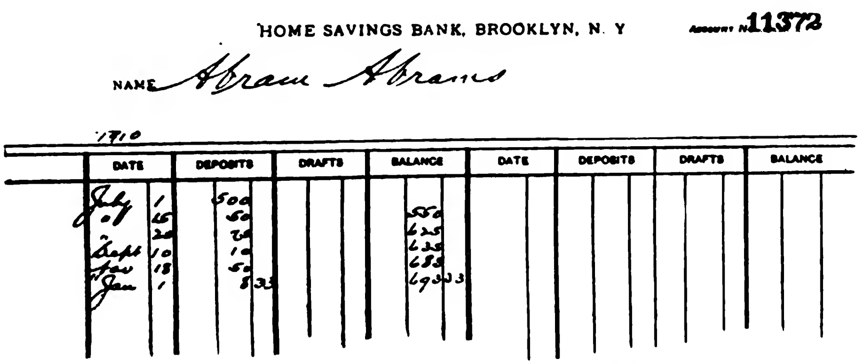
Enough has been cited to warrant the conclusion that the days of the bound book are numbered, and that it is only a question of time when either cards or loose leaves (banks must settle the relative merits for themselves) will be quite universal.* The following descriptions of the working of the card system are taken from letters on the subject from bank men who speak from experience.

*The preceding paper (December, '10) has several suggestions on the use of the card ledgers, in connection with posting and proving methods.

In the Springfield Institution for Savings (Mass.) all ledger cards on which any transaction is to be entered are first taken out and arranged numerically. Those on which deposits are to be posted are separated from those on which drafts are to be entered. The deposit and draft tickets are likewise sorted numerically. At the first posting the *balance only is changed.* The cards are then turned over to another clerk who enters on them the deposit or draft as shown by the changed balance. These transactions are then run off on the adding machine and the totals should agree with the totals as shown by the teller.

A skeleton ledger is used as a check (Form 2) in case a card should be lost or mislaid or an attempt be made to make false entries. On this ledger the *amount* of the deposit or draft *only* is entered. This is posted daily by clerks who *make no entries* on the card ledger. The trial balance is obtained from the skeleton ledger by comparison, account with account, ledger and card. The totals of the accounts on each page of the ledger are compared with the totals of the same accounts obtained from the cards by adding machine.

In the Cayuga County Savings Bank, Auburn, N. Y., instead of *one index figure* at the top of the card, the *three terminal figures* of the account number are printed in addition to the full number in the usual place. (Form 7.) This makes it much easier to find any given number, lessens the number of finding cards by ten in each hundred in the accounts of later date, and in the older sections needs but one for each five hundred or thousand open accounts. In case a card is misplaced the *three* figures enables it to be found quickly, as it is only necessary to look for that three combination figure out of its rightful place, and there can be but *one* of them to each thousand accounts, while in the other plan, there are *one hundred* to each thousand. Different colored finding cards are used for each section as an additional safeguard against dropping a card in the wrong tray. Closed cards are kept in a separate tray until the next trial balance is taken, when they are filed in numerical order. This allows checking back all postings for the six months, in case it becomes necessary, although in five years' use of the card system this bank has never had occasion to do this. When cards are full on both sides, new ones are inserted in the same place and under the same number, and when the account is finally closed, all transactions thereon are found together in one place. Accounts have been known to have been transferred as high as thirty times on the old style ledgers, and the difficulty of tracing back the account will be easily manifest.**



FORM 8—LOOSE LEAF DEPOSIT LEDGER SHEET. RULED FOR FIFTY ENTRIES

**From a letter by S. M. Eddy, bookkeeper.

THE SURPLUS, THE INTEREST RATE AND THE ALDRICH LAW*

IT is a reasonable assumption that, aside from specially endowed legislators, all ordinary mortals are agreed upon the desirability of the surplus fund. But the point under consideration is not directed here; but, rather, how are we to adjust our bank affairs, through the means of the interest rate, to help accumulate funds and after accumulation, on what basis is the amount to be calculated.

Here let us deliberate on whether many of our institutions have not been giving too much thought to the form and too little to the substance.

When a savings bank has gathered together an ample surplus, as commonly accepted, it is but little, if any, concerned as to what form of calculation is the strictly correct one on which to estimate its true surplus; for the obvious reason that under normal, or even average sub-normal, conditions, it will by any system of valuation prove to be well removed from the danger point of insolvency.

Some of our trouble in the past was our failure to secure for ourselves a sufficient quantity of assets over liabilities (of any form) to deserve the title of good managers. Rather we had aspired to first become accountants, and the result was that, in some instances, we but poorly succeeded at either.

The general belief as to the proper proportion of surplus to hold appears to have been a disputed quantity all during our savings bank history.

The Limit of Surplus.

Starting with the earliest charters, the maximum was three per cent.; by a second jump it went to ten per cent., and finally we come to the fifteen per cent. limit of our present law. What influences caused this increase are not readily apparent; possibly they came as a natural accompaniment of our wonderful development, but if the real explanation be missing, let us *suspect* it was due to a higher degree of intelligence being invested in the craft.

Many wise men argue against the sense or need of so high a limit, contending that it is disproportionate to the likely amount of loss by either depreciation of assets or increase in deposits, and its effect bears unfairly upon the present depositors to protect and profit those of the future.

This order of reasoning, based upon the idea of bare necessity of surplus, is rather convincing, but let us stop and ask ourselves, "Should trustee savings banks be *content* to rest in their efforts after having accumulated only sufficient surplus to merely insure the re-payment of principal and earned interest?"

There seems to be some measure of excuse for us to strive for greater reserve powers than "the least possible," if, for no other reason, that the present average interest rate as measured by the usual earning power of money from conservative investments is quite a fair return to our depositors, who in the main are conceded incapable of making their own investments and who above all things desire security. Realizing this latter fact, as we do, it should be our first duty to so manage our great trust as to almost, if not entirely, guarantee these immense savings to their owners.

Of course, it is next to superfluous to dwell upon this latter note to bank men, and there is no reason to fear that our magnificent record of the past and the present reputation for unquestioned security will ever be shattered by the dire consequences of just *one* savings bank failure in our State.

There are so many phases of this topic of "Surplus and Interest Rate" as to effect our viewpoint with the differences of our circumstances. It would come to some bankers as a combined

* Read before the Savings Bank Section, New York Chapter A. I. B., by Victor A. Lersner, Asst. Cashier, Williamsburgh Savings Bank, Brooklyn.

question, while to others as two distinct ones.

For a bank with a modest surplus and an ambition to increase this amount, the interest rate is a prime factor in its deliberation, in that through this channel will run a larger or smaller flow of excess earnings according to the higher or lower interest rate.

Remembering, as we must, that a reduced dividend not only adds directly to surplus, but by the inevitable loss of deposits automatically reduces liability and thus assists toward accumulation.

I am unwilling to leave this topic without considering it in connection with the censure from some of our members for our failure to act in absolute unison on the question of dividends. The theory of our censorious ones being: we are all engaged in a work having a common purpose—the encouragement of thrift—and that the strong should resist all selfishness or idea of making use of their advantages, and so govern *their* affairs that the weak will be able to do that which is necessary or desirable (as the case may be) without inconvenience to the weak.

The "Common Cause."

But there is another side to this question. Admitting we have a "common cause," as between banks and depositors, does it follow we are, or should be, a common unit as between bank and bank?

The idea of mutuality is not conducive to the highest order of individual attainment, and every bank should covet the privilege of independent action. The idea of community of interests is stretched a bit too far when the weak seek help from without, rather than help themselves, HELP, of course, meaning reduction of dividends.

Banks feeling they *can* well afford to pay a *higher* rate of interest than do some others, should *not* be charged with violating any of the true principles of the "common cause." The depositors will expectedly turn *their* way and, of course, from the lower dividend banks; but bear in mind this is the same money and usually the identical bills, and as well the same depositors as before. They have not withdrawn from the "common cause," but merely used their given right of selection and choice.

Rather than quarrel with this change of heart, the bank losing the accounts should "speed the parting guest," for it is by just such movements that banks are brought into equal and co-relative power.

This very movement of transfer works as a mightly leveling force in bearing so heavily upon the receiving bank as to increase liabilities and consequently reduce surplus. The effect of this action needs no explanation.

Which Value?

With whatever appearance of courage we may discourse upon the interest rate, I for one find a definite timidity in the very thought of contact with surplus.

It has engaged our most accomplished students and practitioners and but few have survived as worthy contestants. The first struggle as I know it was between par and market champions, and after a one-sided engagement which promised to leave "market" an undisputed authority for *all* time, we were recently startled to find another knight raising his lance and calling himself "investment." His advent has been received with amazement by *some*, admiration by *others*, and truth to tell, a few have sneered and scoffed, but he looms large in this arena. The last thrust was given by "market" champion at Los Angeles, but we have greatly mistaken our "investment" contender if he does not return the attack before long. While this feud is most interesting to us as onlookers, have we not come to a time where we can suggest an armistice?

Now dropping any attempt at figurative reference and seriously considering the two measures of surplus values by market and investment bases, have we not been offered the means whereby we can sink all differences of opinion and declare that either system, or both, is correct, but neither any longer possessing the effectiveness of formerly, in

that their necessary employment is not essential in our calculations to estimate reserve factors.

Surplus Defined.

I choose to define surplus as that agency which stands for insurance against loss. Loss of any kind, but principally against loss by enforced realization of our assets, to meet the demands of insistent depositors for their balances.

These demands naturally occur at times when the stock and bond market is at the most unfavorable point for realization, and loss must ensue if we are compelled to liquidate.

This has been definitely true in times past and is one of the possibilities with which all conservative bankers reckon. But while such untoward happenings are infrequent and usually far enough apart to allow the unfortunate ones ample opportunity to recoup before reoccurrence, I am prompted to ask if even these rare periods of loss need be considered as a necessary or even likely complement of our business in the future.

The bridge which I look to, to carry us over the bad spots in our business road, is that part of the Aldrich law which provides for emergency currency.

Here we have these five hundred millions of this money ready to be called for, and it is very likely to be in demand when we are besieged by clamoring depositors.

With the assistance of this fund will we find ourselves replenishing cash accounts as formerly, with the proceeds of sacrificed bonds? Rather it is quite within *reason* to suppose that when we are again forced to secure currency with which to meet runs, we will test this law by seeking the consent of the Superintendent of Banks to hypothecate some of our bond holdings and then through the offices of a qualified national bank secure the equivalent of circulation for our pledged bonds.

I am not alone in the faith that we may be able to resort to this mechanism to bring instant relief to a trying situation. If this faith is well founded, we need but await the return of quiet and order to find ourselves able to take up our pledges and return them to our strong boxes to be kept either for another similar use or hold them until maturity, which is the original intention, in most, if not all, our bond purchases, and it is just *this* medium which I feel will allow us to realize this intention.

If such facilities exist, and I firmly believe they do, then I conceive of little need to argue or discourse over which method or system of values is to be used to distinguish our surplus holdings —so long as we have sufficient of this precious sum to be clearly distinguished —be it by par, market or investment.

NATION'S LIBRARY GROWS

Now Ranks Third, and Predicted It Will Be First

WITHIN a few years the Library of Congress will occupy the supreme position in numerical strength among the libraries of the world. It now ranks third, with the Bibliotheque Nationale and the British Museum holding first and second positions, its librarian says.

The annual report of Librarian Herbert Putnam submitted to Congress shows that in the year 1909-1910 there were added 90,473 volumes, making the total possessions of the library in printed volumes 1,793,158. There are 118,165 maps and charts; 517,806 volumes and pieces of music and 320,251 prints.

NEW COUNTERFEIT $2 SILVER CERTIFICATE

SERIES of 1899; check letter "C"; face plate No. 1044; W. T. Vernon, Register of the Treasury; Chas. H. Treat, Treasurer of the United States. Small portrait of Wishington.

This counterfeit is apparently printed from photomechanical plates on two pieces of paper between which silk threads have been distributed. The lathework is fairly well executed, but the lettering, portrait, and scrollwork are plainly the work of an amateur. The number of the specimen at hand is E15274608, the figures of which are of irregular size and out of alignment. The back of the note is more deceptive than the face

TRUST COMPANIES

Conducted by Clay Herrick

UNIFORMITY

PLEAS for uniformity in trust company matters frequently make their appearance at bankers' conventions and in the financial papers. One is readily impressed with the desirability of such uniformity in some matters and with its impossibility in others. For fifty years our tendencies have been towards a firmer national spirit. We are one great nation, and in most things State lines are of negligible importance. The desirability of making our institutions homogenous throughout the country, so far as practicable, is generally recognized.

Yet it is idle to overlook the differing conditions that exist and must exist, not only in different sections of the country, but even in different sections of the same State. Rural communities everywhere face problems quite different from those of the large city. The older sections of the East, with customs and institutions fairly well established, do not meet the questions that are yet to be settled in the developing portions of the West and the South. There are communities whose population is rapidly growing;—there are others less populous to-day than twenty years ago. The manufacturing community and the agricultural community have each their peculiar problems. The trust company, like the bank, faces certain conditions in one place, and quite other conditions in another place.

The ideal would seem to be uniformity in those things in which uniformity is possible and will contribute towards stronger and safer trust companies, and individuality in other things.

In What Is It Desirable?

In what things relating to trust companies is uniformity desirable and possible? Suggestions have been made by various authorities. Perhaps the best known effort has been that of the committee on protective laws, appointed by the trust company section of the American Bankers' Association. This committee has been engaged in a vigorous and intelligent campaign to bring about the passage in all the States of statutes forbidding the use of the word "Trust" in titles of any concerns other than those regularly incorporated under the trust company laws, and of statutes providing for adequate State examinations of trust companies, as well as for frequent reports to State officials. It will hardly be denied that uniformity among the States in protective legislation of this character will make for the interests of the public and of legitimately managed trust companies. Other uniform legislation, some of it suggested by this committee, would likewise be desirable.

Every State should have an adequate general banking law and a competent banking department. It is not contended that the detail of the laws should be the same in all States, but they should be adequate for the protection of the public against incompetent or dishonest management. Much can be gained, and nothing lost, by coöperation of State banking departments with the Comptroller of the Currency in the matter of times of calling reports and of making examinations. It is gratifying to note that much progress is being made in these particulars. The liquidation of insolvent trust companies and banks by the State banking department instead of by receivers is a demonstrated forward stép; and might well be adopted in all the States.

President McIntosh of the trust company section, in his annual address at the meeting in Los Angeles, called attention to suggestions previously made regarding the certification of bonds and the duties of the trustees of bond is-

sues. He also urged an uniform system of accounting for trust companies. Discussions at various conventions have shown that there is diversity in the forms of trustees' certificates on bonds, and still greater diversity in the responsibilities assumed by different companies in accepting such trusteeships. There is great need of unifomity here for obvious reasons, and particularly as the bonds circulate widely without regard to the place of their issue, and reach the hands of many persons utterly ignorant of the duties assumed by trustee.

Accounting.

In urging an uniform system of accounting for trust companies, Mr. McIntosh cites the railroads, of which he says, "Their operations are just as diversified and intricate as those of a trust company, so if uniformity of accounts can be employed by them and by banks, why can't it be employed by trust companies?"

The uniformity in reports of national banks has already paved the way and proven the feasibility of such an uniformity in the accounting systems of trust companies. This, of course, would not mean uniformity in all the details of the companies' bookkeeping, but only in the classifications and the general methods. The advocates of loose leaf books, or card systems, of bound books might all maintain their preferences; special methods demanded or thought to be demanded by local conditions might be used; and still all companies could follow accounting systems having essential uniformity. There would be many manifest advantages, including more accuracy in comparisons, and more adaptability to careful examinations by State officials.

Bond Trusteeships.

Perhaps the most important matter in which uniformity would accrue to the benefit of the general public is that of the responsibilities assumed by trust companies when acting as trustees under bond issues, already alluded to. Discussion of these responsibilities has taken place at a number of the conventions of the trust company section, and a considerable difference of opinion has been shown to exist among trust company officials. It is not surprising, therefore, to find that the public, including many bond purchasers, are quite ignorant as to just what functions the trustee has performed and what liabilities he has undertaken in the certification of bonds. The times seem to call not only for uniformity of practice on the part of trust companoes acting as such trustees, but also for a higher standard of moral responsibility than some companies have been accustomed to assume.

Whatever the legal limitations of liability, the temper of the times holds the trustee to a considerable moral responsibility. The company which certifies a bond issue without making enough investigation to assure itself that the undertaking is legitimate and made in good faith, and that the deed of trust really creates a lien upon property having a value somewhat commensurate with the amount of the issue, will not be held guiltless by public opinion if the enterprise turns out to be a fake, and ought not to be so held. The smaller investors in particular attach much significance to the trustee's certification, and are, of course, the ones who can least afford a loss. They cannot expect the trustee to guarantee the bonds, legally or morally; but may they not reasonably expect the trustee to guarantee that the bonds do not cover deliberate fraud?

STATISTICS

THE 1910 edition of "Trust Companies of The United States," published by The United States Mortgage and Trust Company of New York, was delivered in November. It is put up in the usual attractive form, and has a new feature in the form of some general statistics. The company, which publishes this valuable book for gratuitous distribution, deserves great credit and

the gratitude of trust company men everywhere.

On an introductory page the interesting statement is made that "The trust companies of the United States guard a treasure amounting at the very least to $30,000,000,000. Of this total, over $5,000,000,000 represents the value of their own banking resources, and the impressive sum of approximately $25,000,000,000 represents wealth which they protect as trustees and administrators." The figure given as representing the amount of wealth protected by trust companies in a fiduciary capacity is necessarily an estimate, since in comparatively few cases do trust companies publish such information. The estimate is made with great care, however, by persons competent to judge, and may be taken as within the truth. The amount staggers the imagination, and shows how small a portion of the real power and influence of trust companies is revealed by their statements, which ordinarily make no mention of the amounts held in trust; and it should certainly impress all thoughtful trust company officials anew with their responsibility for conservative management of their companies and for continued effort to surround the business with all reasonable safeguards.

The book gives statistics of 1,527 trust companies in the United States and Canada, whose aggregate resources are $4,610,373,112. The first issue of the book, in 1903, listed 912 companies, with aggregate resources of $2,938,047,346. During the seven years, therefore, the number of companies has increased from 912 to 1,527, or over sixty-seven per cent, while the aggregate resources have increased $1,672,325,766, or nearly fifty-seven per cent.

Of the 1,527 companies, 912 have resources of less than one million dollars, and 615 have resources of over that amount. There are three companies—two in New York and one in Chicago—each of which has resources considerably exceeding one hundred million dollars. Thirteen companies have resources of between fifty and one hundred million dollars each. Of these, eight are in New York, two in Chicago, and one each in Boston, Philadelphia and Pittsburgh. One hundred and seventy-two companies have resources of more than five million dollars each. Four hundred and forty-three, or twenty-nine per cent, of the companies, have resources ranging from one million to five million dollars each. The number of companies whose total resources are within the limits named are as follows: Over $100,000,000, three; between $50,000,000 and $100,000,000, thirteen; between $40,000,000 and $50,000,000, eight; between $30,000,000 and $40,000,000, eight; between $20,000,000 and $30,000,000, seventeen; between $10,000,000 and $20,000,00, forty-five; between $5,000,000 and $10,000,000, seventy-eight; between $1,000,000 and $5,000,000, 443; between $100,000 and $1,000,000, 785; under $100,000, 127.

HIS DISTINGUISHING MARK

ONE day a big city bank received the following message from one of its country correspondents: "Pay twenty-five dollars to John Smith, who will call today." The cashier's curiosity became suspicious when a cabman assisted into the bank a drunken "fare," who shouted that he was John Smith and wanted some money. Two clerks pushed, pulled and piloted the boisterous individual into a private room away from the sight and hearing of regular depositors. The cashier wired the country bank:

"Man claiming to be John Smith is here. Highly intoxicated. Shall we await identification?"

The answer read: "Identification complete. Pay the money."—*Success Magazine.*

PRACTICAL BANKING

DIFFERENT METHODS OF KEEPING THE CERTIFICATES OF DEPOSIT ACCOUNT

By Edgar G. Alcorn

MOST banks do not keep any ledger account with the individual certificate depositors. The "register" method is now perhaps in more general use. The certificate of deposit register is ruled to accommodate the entries necessary to make a complete record of all certificates issued. The lines on each page are numbered consecutively, and certificates are entered on the register in the order in which they are issued. Thus each certificate has a number corresponding to the number on the register. The certificates are loose or bound in pads without stubs.

There are various forms of registers. Figure 1 is one of the simplest forms and although extensively used is not as complete or convenient as some. Its ruling permits only a detailed record of certificates issued. When a certificate is issued the following entries are made: "Date," "number," "to whom issued," "amount," "total," and "when paid." When more than one certificate is issued the same date the total is carried to the "total" column and posted to the certificates of deposit account on the general ledger. The certificate of deposit account should, of course, be carried on the general ledger. Some banks, however, still persist in carrying this account on the individual ledger. National banks are required by the department to keep the account in the general ledger.

When certificates of deposit are issued that is not the end of them. Some remain outstanding a long time, but they all eventually find their way back to the bank. There being no space in this register for entering returned and paid certificates, what record is made of them? In some banks they are simply entered in detail on the cash book or "scratcher." Other banks charge each cancelled certificate to the account on the general ledger, entering the number, the name of the person to whom issued, and the amount.

This method is not entirely satisfactory from the fact that part of the account in detail is kept in one book and part in another book. In case of a difference this makes it inconvenient and more difficult to check or reconcile the account.

When a certificate is paid it is compared with the original entry on the register, which is always easily located by finding the number corresponding with that on the certificate. The date of payment and a small check mark is always placed opposite the number of the certificate. This is done so that it can be determined what certificates are outstanding and what ones are cancelled. This is readily done by listing and adding the certificates unchecked.

When a depositor wishes to withdraw any part of his certificate, most banks cancel the original and issue a new certificate for an amount less the amount of the withdrawal. Some banks, however, make partial payments on certificates. The date and amount of each withdrawal is endorsed on the back of the certificate. Care is also taken that the payments are deducted from the face of the certificate, usually in red ink.

A special ruling of the certificate register, as shown by Figure 2, is necessary for keeping a proper record of partial payments. The certificates are entered as issued very much the same as in the first form, but at the extreme right of the page there is a space ruled for entering the date and amount of payments, and the balance after payments

CERTIFICATE OF DEPOSIT REGISTER

Date	No.	To Whom Issued	Amount	Total	When Paid
	500				
	1				
	2				
	3				
	4				
	5				

FIG. 1

CERTIFICATE OF DEPOSIT REGISTER

					Payments			
Date	No.	To Whom Issued	Amount	Total	Date	Amount	Balance	Memo.
	500							
	1							
	2							
	3							
	4							
	5							

FIG. 2

CERTIFICATE OF DEPOSIT REGISTER

						Certificates Paid		
Date	No.	To Whom Issued	Amount	Total	Paid	No.	Amount	Balance
Oct 1	500	David Barton	$500 00			324	$500 00	$540,354 95
	1	J. G. Fullman	1,500 00			425	800 00	543,854 95
	2	Gertrude Hineman	1,500 00	$3,500 00		250	700 00	541,584 95

FIG. 3

DR. CERTIFICATE OF DEPOSIT REGISTER CR.

Date	No.	Amount	Total	Date	No.	To Whom Issued	Paid	Amount	Total	Balance

FIG. 4

No.______

Date ______

By______

Payable to______

Rate______

$______

Cancelled______

CERTIFICATE OF DEPOSIT

FIRST NATIONAL BANK

$______ Columbus, O.______ 19__

______ has deposited in this bank the sum of

______ Dollars,

payable to the order of______

on the return of this certificate properly endorsed.

NOT SUBJECT TO CHECK.

No.___ ______

Cashier.

FIG. 5

GENERAL LEDGER

CERTIFICATES OF DEPOSITS

June	5	Robert Morgan.....	$500	$325	00	June	5	J. H. Hubber.......	$925	$700	00
....	..	Frank Drew........	260	900	00	....	..	Chas. C. Carter......	860	250	00
....	..	....	....	....	..	....	..	....	.....	....	..
....	..	....	....	....	..	....	..	....	.....	....	..
....	..	....	....	....	..	....	..	....	.....	....	..
....	..	....	....	....	..	....	..	....	.....	....	..

FIG. 6

are deducted. This method of keeping the certificates of deposit to some extent complicates the account and is not approved of by the banking department.

Another form of certificate register is that known as the "balance certificate register." It is an improvement over the simple certificate register as shown by Figure 1. It has additional columns for recording certificates that are paid, and also a "balance" column.

Certificates that are paid and cancelled are entered in detail, as well as those issued on the same date. For instance, suppose that on Oct. 1 three certificates were issued, amounting to a total of $3,500, and also that three certificates amounting to $2,000 were paid on the same date. The entries are made as shown by Figure 3.

It will be noticed also that the daily balance is carried along in the same manner as the accounts on the individual ledger. Each day the credits are added to the previous balance and the debits deducted. In this case the previous balance was $540,354.95. Adding the total certificates issued on October 1, the new balance is entered on the line below. Then deducting the total certificates paid on the same date, which was $2,000, and it leaves a balance of $541,584.95.

This method is far superior to the method represented by Figure 1, as the account in detail is kept complete in a single book, besides showing the daily balance, and thus providing a check on the account of the general ledger.

There is still another form of certificate register represented by Figure 4. It is superior to the other forms, as it greatly simplifies the account and yet is complete in every particular.

Each page has a debit and credit side. On the debit side are entered the certificates that are paid. The "date," the certificates are paid, the "number," and the "amount" of each certificate are entered. There is also a column for entering the total of certificates paid each day.

On the credit side are entered the cer-

tificates that are issued. The following entries are made: the "date," "number," "to whom issued," "amount," "total." Following the total column is the "balance" column, in which is kept the daily balance of the account in the same manner as explained in connection with Figure 3.

Many of the smaller banks still keep a record of the certificates of deposit by the "stub" method. With this method instead of using registers the certificates with stubs attached are bound in books. When a certificate is issued it is registered on the stub according to the number, date, amount, etc., and the certificate detached, leaving the stub in the bound book. Figure 5 shows the usual form of certificate with stub.

When this method is followed it is almost necessary to keep the account both as to debits and credits in detail on the general ledger. Some banks, however, do not do so. They simply total the certificates issued on the same date on the back of the stub from which the last certificate issued was detached. This total is posted to the credit side of the account in the general ledger. When certificates are paid, the corresponding stub is located and checked with a blue pencil. Taking off a trial balance consists in listing the amounts of the stubs remaining unchecked. These certificates are entered in detail on the cash book or the "scratcher" or sometimes on the general ledger. Figure 6 represents the general ledger showing the certificate account when both the certificates issued and paid are entered in detail.

A COMBINATION CASH, LEDGER AND PASS-BOOK PROOF SHEET

By Arthur A. Ekirch

IT has long been the custom with the "Progressive Savings Bank" to welcome new ideas and labor saving systems; so, when Will Lawrence, one of the junior clerks, stepped into the cashier's office and handed the gray haired official the "combination proof sheet," he felt certain it would be given a fair trial.

Previous to the adoption of this sheet, hardly a week passed without a difference in the teller's department and a discrepancy between the depositors' ledgers and the pass-books. Since its adoption, some three years ago, the "error germ" has forsaken "The Progressive Bank" and sought new quarters.

Running the Sheet.

The proof sheet is placed in charge of an assistant ledger man, stationed near the receiving teller's cage. After the teller enters the amount of the deposit in the pass-book, he hands the book to the sheet man, who makes the following entries on the proof: Pass-book number; amount of deposit; old balance; new balance. After these entries have been made the pass-book is returned to the depositor.

The following morning the book-keepers post the previous day's transactions direct from the tickets. The proof sheet man follows and verifies the new balance on the ledger with that on the sheet. For instance: John Smith's account on the depositors' ledger shows a balance of fifty dollars, while the proof sheet records a pass-book balance of only forty-five dollars. At a glance it could be seen that either John Smith's pass-book recorded a wrong entry, or a deposit of five dollars had been misposted to John Smith's account on the ledger. Should the teller receive one hundred dollars from a certain depositor and only enter fifty dollars on the deposit ticket, or fail to

make out a deposit ticket, the proof sheet would locate the error with little difficulty.

Not long ago the examining committee of a certain bank stated: "We know to a certainty what our assets are, but we have no means of determining, whether or not, our liabilities are correctly shown on our depositors' pass-books." There is undoubtedly a lot of truth in this statement. Few savings banks compare the pass-books with the depositors' ledgers daily; many of them only make a comparison, when amounts are withdrawn or every six months when the books are presented for the entry of accrued interest.

In using a proof sheet as herein described, it is also necessary that the "balance pass-book" be used. Most savings banks however use this style of book, so I feel no hesitancy in recommending the use of the "combination proof sheet" in savings banks or State banks, with savings departments, whether large or small.

SHEET NO. 251 DATE, August 23rd, 1910.

TELLER'S CASH SHEET

BOOK NO.	OLD BALANCE	DEPOSITS	NEW BALANCE
5618	150	50	200
504	10	150	1150
168	1510	500	2010
1450	165	15	180
502	40	5	45
14	5010	10	6010
Total.	192510	58150	250660

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

BANK DEPOSITORS' GUARANTY LAW—VALIDITY—NATIONAL BANKS.

DOLLEY ET AL vs. ABILENE NATIONAL BANK ET AL.

UNITED STATES CIRCUIT COURT OF APPEALS, MAY 20, 1910.

The national banks located in Kansas may not lawfully avail themselves of the provisions of the Bank Depositors Guaranty Act of that State.

Even if the effect of the act should be to attract depositors from the national banks to the guaranteed State banks, this would not make the statute void.

The Bank Depositors' Guaranty Act of Kansas is not invalid as impairing the efficiency of the national banks as instrumentalities of the national government.

APPEAL from the Circuit Court of the United States for the District of Kansas.

Suit in equity by the Abilene National Bank of Abilene, Kan., and others, against J. N. Dolley, as Bank Commissioner of the State of Kansas, and another. From an interlocutory order granting a preliminary injunction (175 Fed. 365), defendants appeal. Reversed.

Before Van Devanter, Hook and Adams, Circuit Judges.

HOOK, *C.J.:* One hundred and fifty national banks domiciled and doing business in Kansas sued the Bank Commissioner and the Treasurer of that State to enjoin them from carrying into effect a Kansas statute, approved March 6, 1909, known as the "Bank Depositors' Guaranty Act" (Laws 1909, c. 61). At the instance of the banks the Circuit Court granted a temporary injunction, and the State officers took this appeal.

The questions before us require no more than a brief outline of the provisions of the statute. There are many details of the guaranty scheme of which much complaint is made; but we think they are so clearly matters with which the national banks have no legal concern, or are so manifestly within the legislative province of the State, it is unnecessary to mention them. The statute authorizes banks incorporated under the laws of the State and possessing prescribed qualifications to join in contributing to and maintaining a fund for securing certain classes of their depositors against loss. The administration of the law is committed to the Bank Commissioner; the custody of the fund to the State Treasurer. Whether a bank shall become a party to the scheme is optional, not compulsory. Its desire to join is signified by a resolution of its board of directors, authorized by its stockholders. If upon an examination of its affairs by the Bank Commissioner it is found to be qualified, it then contributes to the permanent guaranty fund a sum in bonds or cash proportioned to the deposits to be guaranteed, and receives a certificate that it has complied with the provisions of the act and "that its depositors are guaranteed by the bank depositors' guaranty fund of the State of Kansas." The permanent fund is raised to a fixed amount by the initial payments, and, if necessary, by annual assessments of one-twentieth of one per cent. of the guaranteed deposits in each bank, less capital and surplus; and any depletion of the fund caused by payments to depositors in insolvent banks is cared for by like assessments, not exceeding five in any calendar year.

When a guaranteed bank, so called, becomes insolvent, the Bank Commissioner takes charge, winds up its affairs, and applies its assets and the moneys realized from the liability of its stockholders. When these are exhausted, balances still due guaranteed depositors are paid in full from the guaranty fund, if it is sufficient, and, if not, then by con-

tinued assessments, not exceeding five annually, as above stated, upon all banks which are parties to the plan. It is also provided that national banks may avail themselves of the act upon compliance with the prescribed conditions.

The visitorial power of the State Bank Commissioner over the guaranteed banks, and his control of their liquidation in case of insolvency, including the authority to appoint receivers, are radically inconsistent with the jurisdiction of the Comptroller of the Currency conferred by Congress over national banks. There are other points of conflict in the operation of the Kansas statute and the national banking laws, and it is obvious that the national banks cannot lawfully avail themselves of the provisions of the State enactment. Without further and appropriate legislation by Congress, they cannot throw off the duties and obligations prescribed by the law of their creation, or enter into engagements that will subject their corporate affairs to the supervision and control of another sovereignty. This view was expressed by the Attorney General of the United States in an opinion delivered April 6, 1909. The Kansas statute should, therefore, be regarded as though it related exclusively to banks incorporated under the laws of the State.

In their final analysis the objections of the national banks to the Kansas statute are reduced to two proportions: First, that, since they cannot avail themselves of the provisions of the statute, it operates to deny them the equal protection of the laws contrary to the fourteenth amendment to the Constitution; and, second, that the effect of the guaranty plan will be to attract depositors from the national banks to the guaranteed State banks, and will therefore impair the efficiency of the former as instrumentalities of the national government. Counsel admit this to be their position. The federal questions presented by these propositions constitute the ground of jurisdiction of the Circuit Court, and upon their soundness rests the temporary injunction it granted.

The national banks owe their existence to the laws of the United States, and in respect of the things which pertain to supervision and control by the sovereignty which created them they are as much beyond the jurisdiction of Kansas as though they were domiciled in Maine or California. Their exclusion from the operation of the statute in question is not from any design on the part of the State to discriminate against them, but results from the limitation of governmental powers. Because of their origin and the paramount authority of Congress, they are not, in matters inhering in the character of their corporate structures, within the legislative province of the State. The State can neither take away the essential powers granted them by Congress nor confer others that are inconsistent. Its legislation is necessarily limited to objects within its jurisdiction. The fourteenth amendment provides that no State shall "deny to any person within its jurisdiction the equal protection of the laws." A conclusive answer to the objection to the Kansas statute now being considered would seem clearly to appear from the face of the amendment itself. A most extraordinary condition would exist if the legislation of the States properly confined within its appropriate sphere were to be held invalid because it does not extend to and embrace objects beyond their jurisdiction. A legislative *impasse* would be created. Neither the nation nor the States could move forward; the former because power over matters purely of State concern is not conferred by the Constitution, and the latter because, under the construction now urged upon us, they can affect none if they cannot affect equally all within and without their jurisdiction. Of course, such a construction is inadmissible. As Mr. Justice Field observed in Missouri Railway Co. vs. Mackey, 127 U. S. 205:

"The greater part of all legislation is special, either in the objects ought to be attained by it, or in the extent of its application."

The amendment does not profess to secure to all persons in the United

States nor all persons in the same State the benefit of the same laws. Great diversities in the character of laws may exist in two States separated by an imaginary line, and there may also be such diversities in different parts of the same State: Missouri vs. Lewis, 101 U. S. 22, 25 L. Ed. 989. Jurisdictional limits are an obvious and sufficient reason for lack of universal uniformity in legislation. The equality clause of the amendment does not require indiscriminate operation of State laws, but proceeds upon due consideration of the relations of persons to the State and to the legislation in question.

"It does not prohibit legislation which is limited, either in the objects to which it is directed or by the territory within which it is to operate. It merely requires that all persons subjected to such legislation shall be treated alike under like circumstances and conditions, both in the privilege conferred and the liability imposed." Magoun vs. Illinois Trust & Savings Bank, 170 U. S. 283; Home Insurance Company vs. New York, 134 U. S. 594; Hayes vs. Missouri, 120 U. S. 68.

In Barbier vs. Connolly, 113 U. S. 27, it was said:

"Class legislation, discriminating against some and favoring others, is prohibited; but legislation which, in carrying out a public purpose, is limited in its application, if within the sphere of its operation its affects all persons similarly situated, is not within the amendment."

Such has been the consistent holding of the Supreme Court. This is not the ordinary case of classification for legislative purposes. The power of a State to classify implies jurisdiction of the various objects to be classified, and the voluntary selection of some of them for inclusion within the law. Even in such cases a classification, when made, will be upheld, whenever it is not purely arbitrary or capricious, but proceeds upon some difference which has a just and reasonable relation to the purpose sought to be accomplished. Railway Co. vs. Ellis, 165 U. S. 150. But were this a case of classification, what line of division between corporations included and those excluded from the operation of a statute could be more clear or more necessary than that which marks the very boundary of the legislative power? A State has the right to confer corporate powers upon its own corporations, and its action cannot be held in contravention of the equality clause of the fourteenth amendment merely because like corporations of the United States cannot, by reason of their organic structure and the duties they owe their creator, avail themselves of them. The State of Kansas did not single out national banks as the special object of hostile or discriminative legislation, and no such conclusion can be helped out by averments of intention in a bill of complaint.

It is urged that the statute is void because the effect of its operation will impair the efficiency of the national banks as instrumentalities of the national government by attracting depositors from them to the guaranteed State banks. If this contention is sound, and the statute falls, then all State legislation designed to improve banking methods and to maintain the local institutions on a sound basis and secure the depositors from loss is likewise void. Indeed, it will be impossible to uphold even the creation of banking corporations by the States, for it can be said with equal if not greater reason that by merely giving them corporate existence and allowing them to enter the field of competition for business they deprive the national banks of depositors they would otherwise secure and thereby impair their efficiency. To state the proposition contended for is to demonstrate its unsoundness.

That Congress may create corporations for the execution of the powers conferred by the Constitution is well settled, and the corporations so created are fitly termed agencies or instrumentalities of the government. Familiar examples are national banks for carrying on the fiscal operations of the United States, and railroads and bridges for promoting interstate commerce. (Mc-

Clellan vs. Chipman, 164 U. S. 347; Mercantile National Bank vs. New York, 121 U. S. 138; McCulloch vs. Maryland, 4 Wheat, 316; Pacific Railroad Removal Cases, 115 U. S. 1; Luxton vs. North River Bridge Co., 153 U. S. 525.) It is doubtful that it ever occurred to a railroad corporation chartered by Congress to urge that a State statute providing for public aid to a railroad corporation organized under the laws of the State was void, because its ultimate effect would be to create an unfair competition and deprive the former of business, thereby lessening its efficiency as a governmental agency. The contention made here is not different in principle. Congress may prescribe the powers and legislate concerning the corporations it creates; but it has never attempted to set an unalterable copy in those particulars for corporations organized under State laws.

The effect of the Kansas statute upon the business of the national banks will at the most be indirect and incidental. Whether there will be any appreciable effect at all depends upon the individual views of depositors, which ordinarily are influenced by many things pertaining to banks and bankers and their methods of conducting business. There can be none in a legal sense of which a court can take cognizance in a case like this. Ground for complaint would exist if the statute had, for instance, made it an offense to deposit funds in national banks, or subjected them to a higher rate of taxation than that imposed on like deposits in State institutions, or in some other perceptible way had evinced an evil and discriminating purpose, or an attempt to subject them to rules inconsistent with those prescribed by Congress. Davis vs. Elmire Savings Bank, 161 U. S. 275, is an illustration. There a New York statute giving deposits of a certain character a preference in the distribution of the assets of insolvent banks was held to be in conflict with the federal law providing for ratable dividends, and therefore void when attempted to be applied to an insolvent national bank. We have not considered the merits of the guaranty plan, whether practically beneficent, experimental, or illusory. Such matters are for the State Legislature. Our province is confined to the question whether the exercise of its power is within constitutional limits so far as the national banks are concerned. We think the objections they urge are so clearly without foundation, the temporary injunction was improvidently granted.

The order is accordingly reversed.

NEGOTIABLE INSTRUMENTS LAW—ACCOMMODATION INDORSER.

MORRIS COUNTY BRICK CO. vs. AUSTIN.

SUPREME COURT OF NEW JERSEY, FEB. 21, 1910.

The words "without receiving value therefor," in the section of the Negotiable Instruments Law defining an accommodation party, refer to the instrument itself, and not to the loan of the name by way of accommodation.

The promise to pay an already existing debt, or the actual payment thereof, is not "value" within the meaning of the Negotiable Instruments Law.

The defendant, at plaintiff's request, indorsed, after its delivery, a note of V., payable to the order of the plaintiff, in order that the plaintiff might have the note discounted, and upon its promise to pay him a portion of the proceeds for a debt then due him. This payment was afterwards made.

Held, that it was a question for the jury whether the defendant was not as between himself and the plaintiff an accommodation indorser.

THIS was a suit on a promissory note dated June 9, 1908, made by Virgil to the order of the plaintiff for the purchase price of bricks sold him through Austin, who was entitled to a commission upon the sale. Austin indorsed the note under the following circumstances: Upon his demand for payment of his commission, the plaintiff refused to pay until the bricks were paid for by Virgil, unless Austin would indorse the note. Austin thereupon indorsed the note, and was paid his com-

mission. The note was discounted at the bank, but was not paid at maturity, and Austin's liability was fixed by due notice of dishonor. An attempt was made to renew by a like note for three months, but the bank refused. Thereupon Virgil gave two notes, one for $100 at one month, and one for the balance at two months, which were used by the plaintiff to meet an obligation. These notes were not indorsed by Austin. The trial judge directed a verdict for the plaintiff for the full amount.

SWAYZE, *J.:* Under section 63 of the negotiable instruments act (P. L. 1902, p. 594) the defendant is deemed to be an indorser. Section 64, which defines the liability of an indorser, is not applicable to this case, since it applies only to one who signs in blank before delivery. Section 65 applies only to a person negotiating an instrument, and this the defendant did not do. The liability of an indorser under section 66 is only to subsequent holders. The present plaintiff is a prior, not a subsequent, holder. Independently of the statute, the contract of the defendant with a subsequent holder would have been that of a second indorser. (Hayden vs. Weldon, 43 N. J. Law, 128, 39 Am. Rep. 551.)

It was open to the jury to believe the testimony of the defendant that he indorsed the note to enable the company to get it discounted, and thereby raise cash out of which they would pay his commission. From this it was proper to infer that Austin was an accommodation party (Vliet vs. Eastburn, 64 N. J. Law, 627.) and this is true notwithstanding the language of section 29 of the act, which defines an accommodation party as one who has signed the instrument as maker, drawer, acceptor, or indorser, without receiving value therefor.

This language has been criticised by Dean Ames, 14 Harvard Law Review, 248; and, if it must be construed to mean that one who loans his name to another upon a negotiable instrument and receives payment for the accommodation loses as to that person the right of an accommodation party, it would be subject to very just criticism, since such a construction would deprive an accommodation maker of his rights, as against the person accommodated, if he had received any consideration, however slight. A careful reading of the section shows that this construction is not necessary. The words are not "without receiving value," but "without receiving value therefor." The structure of the sentence is such that the last word can only refer to the negotiable instrument itself, not to the loan of the name by way of accommodation. This view was suggested by Mr. McKeehan in 41 American Law Register, 499, 561 (reprinted in Brannan on the Negotiable Instruments Act, at page 133). In this case, moreover, Austin did not receive value in any sense. What he secured was the payment out of the proceeds of the discounted note of the commission due him. That was only the payment of a prior debt, not the giving of value for Austin's indorsement. The value received within the meaning of section 29 must precede or be contemporaneous with the obligation upon the note; otherwise, the party would be an accommodation party when the note was given and would cease to be such when the subsequent payment was made him. Nor can the promise to pay the commission out of the proceeds of the note as distinct from the actual payment constitute value for the endorsement, for that promise was merely one to perform an existing legal obligation, and was therefore without consideration. If the jury found that Austin was an accommodation party, they would necessarily find that the plaintiff was the party accommodated, for no one else was concerned. The maker had nothing to do with the arrangement. If Austin loaned his name to the plaintiff corporation, it acquired no right of action against him. (Messmore vs. Meyer, 56 N. J. Law, 31, 27 Atl. 938.)

Although under section 63, he is to be deemed an indorser, it does not follow that he is the first indorser. Prima facie he was only the second indorser, since it was necessary for the plaintiff, the payee, to indorse before the note could be discounted by the bank (Neg.

Inst. Act, § 68), and prior to the enactment of that section it would not have been open to the plaintiff to prove to the contrary (Johnson vs. Ramsey, 43 N. J. Law, 279, 39 Am. Rep. 580). As second indorser, the defendant would not be liable to the first indorser in the absence of an express agreement, and even such an express agreement would not be enforceable unless made upon a good consideration. As I have already said, there was no consideration for such an agreement between the plaintiff and defendant.

A jury question was presented, and it was error to direct a verdict for the plaintiff. The judgment must therefore be reversed, and the record remitted for a new trial.

PAYMENT OF FORGED CHECK—DUTY OF DRAWEE BANK TO KNOW DRAWER'S SIGNATURE—NEGOTIABLE INSTRUMENTS LAW—CLEARING-HOUSE RULE.

NATIONAL BANK OF COMMERCE IN ST. LOUIS vs. MECHANICS' AMERICAN NATIONAL BANK.

ST. LOUIS COURT OF APPEALS, MISSOURI, APRIL 5, 1910.

When a bank upon which a check is drawn pays the same to a *bona fide* holder, it is bound by the act, and can not recover the money so paid upon afterwards discovering that the signature of the drawer is a forgery.

This rule of the common law is now embodied in the Negotiable Instruments Law.

A rule of the clearing-house provided that all checks received at the clearing-house and not returned to the clearing bank before two o'clock on the same day should be deemed to be paid with like effect as though they had been paid in currency at that hour by the bank on which it was cleared: *Held,* that a bank which did not return within the required time a check presented by another bank was chargeable with the consequences of disregarding the rule, and could not recover the amount paid, though the check was forged and the payee bank was not injured by the delay.

THE petition upon which this case was tried as well as the other case hereinafter referred to, the latter differing from this only in the names of the defendants and in the number of checks and in the amount, consists of two counts. By the first count it is charged that on or about August 15 the defendants presented to plaintiff for payment fourteen certain pretended checks, each dated August 12, 1905, for various amounts, aggregating the sum of $549.25, each purporting to have been drawn on plaintiff by the St. Louis Car Company, to have been signed by said company by its president and its assistant secretary, and each purporting to be indorsed by the payee therein, each of which was indorsed by the defendants or by others and then by the defendants; that defendants represented to plaintiff that the checks were the genuine checks of the St. Louis Car Company, as they purported to be, and requested plaintiff to pay the same; that when the checks were purchased or otherwise acquired by the defendants "they negligently made no inquiry and took no action whatever to ascertain whether or not said checks were in fact the genuine checks of the St. Louis Car Company as they purported to be"; that they were indorsed by the defendants and presented to plaintiff for payment through the clearing house of the city of St. Louis, all being presented together, and that believing the representation of the defendants that the checks were the genuine checks of the car company, and such appearing to be the case from such inspection of the checks as plaintiff was able to make under the circumstances, and at the time they were presented for payment by the defendant bank, and not knowing otherwise, but relying upon the genuine indorsements thereon of the defendants, which also led plaintiff to believe them genuine, plaintiff paid them to the defendant, the Mechanics' American National Bank; that all of the checks were forgeries, and not the genuine checks of the St. Louis Car Company, as represented by the defendants and as they purported to be, and were wholly worthless and valueless to the plaintiff; that the fact that the checks were forgeries was not discovered either by plaintiff or by any

other person until on or about September 11 or 12, 1905, and that immediately upon discovering that the checks were forgeries plaintiff notified defendants of the fact, and demanded refund of the amount of money paid, which defendants failed and neglected and refused to do.

It is further averred that the position of the defendant was not altered or changed, and that the defendants had sustained no damage as the result of plaintiff's paying the checks to the defendant Mechanics' American National Bank as requested by the defendant at the time it notified defendants that the checks were forged, and demanded a refund of the money, wherefore judgment is demanded for the amount of the checks ($549.25) with interest and costs.

The second count is practically the same, with the exception that it states that each of the checks purported to be indorsed by the payee therein, and each of them was indorsed by the defendant St. Louis Brewing Association and by others, and that the defendant represented to plaintiff that the checks were the genuine checks of the car company, and that each of the checks was indorsed by the genuine signature of the payee named therein as indorser thereof as it purported to be; "that, when said checks were purchased or otherwise acquired by the defendants, they negligently made no inquiry, and took no action whatever to ascertain whether or not said checks were, in fact, the genuine checks of the St. Louis Car Company, as they purported to be, or whether the aforesaid indorsements thereon were the genuine indorsements of the parties whose names appeared thereon"; and it is averred that the indorsements of the payees and other parties thereon as indorsers thereon "are not the genuine signatures of said payees, as represented by the defendants, and as they purport to be and all are wholly worthless and valueless to the plaintiff." The other allegations are practically as in the first count of the petition.

The answer of the defendant bank admits the incorporation of the various parties, avers that the defendants believed the checks to be genuine and valid, and that they had been duly indorsed by the payees named therein as payees, and so believing deposited the checks to the credit of the defendant bank on current account; that they did this in good faith and in the belief that the checks were the checks of the car company and duly indorsed by the payees therein named, and that in due course they presented the checks to the plaintiff bank for payment, through the Clearing-House Association, in the usual and customary manner of collecting checks between banks in the city of St. Louis; that they were examined by the employees of the plaintiff and held by them to be the genuine checks of the car company, and defendant's account was credited with the aggregate amount of the checks; that the plaintiff and defendant were at the time of the presentation of the checks members of the Clearing-House Association of the city of St. Louis, and the rule of the Clearing-House Association hereafter referred to is set up, it being averred that the plaintiff did not return defendant the checks on or before two o'clock of the day on which they were presented to plaintiff for payment through the Clearing-House Association, and did not inform defendant that the checks were as plaintiff alleges forgeries and not genuine checks of the car company, or indorsed by the payees thereof until on or about September 11 or 12, 1905, which defendants say was the first and only information that it had that the checks were not the genuine checks of the car company or indorsed by the payees thereof; denies making any representations as to the genuineness of the signatures; denies knowledge and information as to whether they were forgeries and denies negligence.

The answer to the second count is practically the same, with the denial of any knowledge or information as to the forgery of the names of the indorsers. The answer of the Brewing Association was a general denial except as to admissions of corporate capacity, and that the car company was a depositor and

customer of the plaintiff, and engaged with plaintiff in the business usual and customary between banker and depositor. Demurrers to the petition were interposed which were overruled.

The reply was a general denial. Trial was had before the court, a jury being waived, this case being tried in the lower court, and submitted and argued before us in connection with another case, in which the National Bank of Commerce in St. Louis is plaintiff and appellant, and the German-American Bank, the Bremen Bank, and the Gast Brewing Company are defendants and respondents. 127 S. W. 434.

As the facts which underlie the transactions involved are identical in the two cases, change of parties and of names only and of the number of checks distinguishing one from the other, the statement which we make for brevity and convenience as well as an intelligent understanding of the matter will cover the facts in both cases. With some changes we are following the statement of counsel for one of the respondents, as to the facts in evidence at the trial.

The works of the St. Louis Car Company are located in the extreme northern end of St. Louis, and at a distance of at least seven or eight miles from the Bank of Commerce. At the time in question, the car company employed several thousand men, whose wages it paid twice a month in checks drawn on the appellant.

Every other Saturday, after working hours, and, therefore, after banking hours, was pay day. These checks were not presented to the bank by the individuals to whom they were issued, but being indorsed in the name of the payee, they were cashed by the grocers and saloon keepers in the neighborhood and the brewery salesmen, who, on such occasions, appeared at the place of business of their customers. In cashing these checks, the workmen were arranged in line, and as each man presented his check it was examined, and if found to be indorsed in the name of the payee, it was cashed.

The men presenting these checks wore the clothes and had the appearance of men who had just come from their work at the shops. No particular identification of any one man, as payee, was had or attempted, the presence of the men in the line of workmen and in the garb of the other workmen and no question being made by others in the line or present as to their being part of the working force being accepted as sufficient identification.

On August 12, 1905, the St. Louis Brewing Association cashed a number of car company checks presented in this way; among them were fourteen checks, seven or eight of which were bought direct by the brewery, the remainder being sent in by its customer, Daubendieck, in payment of his account. The brewery paid the full face value of these checks without any knowledge or suspicion that the signature of the car company was forged or that the party named as payee in the check was not its rightful owner. Each of these fourteen checks is indorsed in the name of the payee therein named and the indorsee received its face value for it. The Brewing Association having thus acquired these checks, deposited them with its codefendant, the Mechanics' American National Bank, and the latter presented them, through the clearing house, to the appellant for payment. The indorsement on the checks by the respondents will be stated later.

Forty-two checks in all, alleged to be forgeries (fourteen in this case and twenty-eight in the other) were presented to the appellant for payment by the clearing house on Tuesday, August 15, 1905, twenty-eight of them being those involved in the other case. They were taken to the Bank of Commerce in one or more bunches or bundles, and there came under the observation of an assistant cashier, of his assistant, of the bookkeeper, and of the paying teller of the bank. There seemed to these officers to be an irregularity in the signature of Mr. Phelps, the assistant secretary of the car company. The signature looked suspicious to them. Each of the four bank officers examined it, but made no examination beyond that. They did not open the bundles, did not examine the

quality of the paper, nor the workmanship of the checks, did not examine the wood cut of a car on the end of the check nor the numbers upon the checks. In the bundles containing the spurious checks were several hundred genuine checks. Upon the witness stand the assistant cashier unhesitatingly pronounced the forty-two checks to be forgeries. As he produced each check, he pronounced the signature of the car company to be a forgery. He said: "There are only three numbers on these forty-two forged checks; that is, they are all B98360, 98530, or 98630, so that in the forty-two checks these numbers are repeated eight or ten times."

The clearing-house rule prevailing in the clearing house in St. Louis, of which association all of the banks involved are members, was pleaded in the answers and put in evidence. That rule is as follows: "All checks of other items received at the clearing house and which shall not be returned to the clearing bank or trust company on the same day before two o'clock, shall be deemed to have been paid with like effect as though such check or other item had been paid in currency at that hour over the counter by the bank or trust company on which it was cleared; and therefore the responsibility of the bank or trust company through which said item is passed, shall cease as completely as though said check or item had been in fact paid out in currency over the counter by the bank or trust company on which it was cleared. On half-holiday Saturdays the time for returning the items shall not be later than eleven o'clock a. m. on the same day."

The evidence in the case further shows that there is a custom in the city of St. Louis among the banks requiring every person cashing a check to identify the holder of it as the person named in it, and that in cashing clearing-house items, as these checks are called, the drawee bank relies largely upon indorsements, and no difference is shown between clearing-house indorsements and other unrestricted indorsements.

The statement as to what took place at the appellant bank as set out by counsel for appellant is as follows: When the forged checks in question came to the appellant through the clearing house, on the morning of August 15, 1905, they were, together with a large number of genuine checks of the car company and of other depositors examined by the assistant cashier and his assistant. These examiners noticed an irregularity about some of the signatures of the name of W. B. Phelps on the checks, and called the attention of the paying teller to them. He concluded, after examining them, that they were all right, remarking that men's signatures are likely to vary in signing large numbers of checks.

Taking by way of illustration a check drawn on the plaintiff bank reading, "Pay to the order of W. Clarke," and purporting to be signed by the car company, it was indorsed, "W. Clarke. Pay to the order of Mechanics-American Nat. Bank. Hyde Park Brewery, C. Marquard Forster, Mgr. St. Louis Clearing House, Aug. 15, 1905. Mechanics American National Bank. 32. All prior endorsements guaranteed." This latter was stamped, the "32" being the clearing house number of the Mechanics' American National Bank. In the case against the German American Bank et al., the indorsements following that of the named payee—which latter was in blank as in the other case—are "Gast Brewing Company. German American Bank. St. Louis Clearing House, August 15, 1905. 13. All prior endorsements guaranteed." In both cases this latter appears to have been the stamp of the clearing house.

Going somewhat more fully into the manner in which the checks came into possession of the brewing companies, it appears that the car company pays off its employees twice a month. The agents of the brewery would take a certain amount of money, say $28,000 to $30,000, and go to different saloons in the neighborhood of the car company plant and cash the checks for the car company's employees as they came in. There were hundreds of the employees, who

would come in and be paid off one at a time as they came along. Each man would hand in his check. They were not known personally to the brewery agents—no questions asked as to who they were—simply compared the indorsement with the name on the face of the check, of course noting that the check was signed by the assistant treasurer of the car company and noting its general appearance. Did not know the signature of the payee and indorser and made no inquiry. This practice had been carried on for several years. The checks when cashed in the saloons were turned in to the breweries. This was the testimony as to the Gast Brewing Company. Some of the checks apparently came to the breweries through their customers, without indorsement, however, by the latter, all of them having been taken up as above described. There is no evidence in the case showing that the first indorsers of these checks were not the persons whose names appeared therein as payees. All that appears as to that is that no such persons who are named as payees and who indorsed are or then were employees of the car company.

At the conclusion, defendants interposed what were practically demurrers to the evidence, on the ground that plaintiff, under the law and the evidence, was not entitled to recover against the defendants. These were sustained. Judgment went accordingly in favor of the defendants. Plaintiff in due time filed its motions for new trial, which being overruled and exceptions duly saved throughout, and appeals were duly perfected to this court.

Reynolds, *P. J.* (after stating the facts as above): By act of the General Assembly of this State, approved April 10, 1905, what is called "the Negotiable Instruments Law" was adopted in this State. See Sess. Acts 1905, p. 243 (Ann. St. 1906, §§ 463—1 to 463—197). The Forty-Third General Assembly, which adopted this negotiable instrument law, adjourned on March 18, 1905. There is no emergency clause in this act, nor in any section or provision in it, is its operation postponed beyond the constitutional period of ninety days. Consequently it was in effect June 16, 1905. The checks in suit bear the date, August 12, and were cashed by the plaintiff bank August 15, 1905. That act, by section 196, provides that "in any case not provided for in this act, the rules of the law merchant shall govern."

All acts in connection with these checks are, therefore, to be construed, and the character and rights of the parties to them are determinable under the provisions of this negotiable instrument act of this State, provided they are such as are covered by it. We call attention to this for the reason that all of the counsel in the case seem to have lost sight of it, one of them even stating that at the time of the transaction the common law, meaning "law merchant," then obtained in this State, and that that law is to be applied in the determination of the questions arising in this case. We do not think so; on the contrary, we think that this whole transaction falls within our negotiable instruments law of 1905. Section 62 of that law treating of bills of exchange and promissory notes, reads: "The acceptor by accepting the instrument engages that he will pay it according to the tenor of his acceptance; and admits: (1) The existence of the drawer, the genuineness of his signature, and his capacity and authority to draw the instrument; and (2) the existence of the payee and his capacity to indorse."

Section 185 of the same act provides that a check is a bill of exchange drawn on a bank payable on demand, and, except as in the act otherwise provided, the provisions of the act applicable to a bill of exchange payable on demand apply to a check. Section 188 reads: "Where the holder of a check procures it to be accepted or certified, the drawer and all indorsers are discharged from liability thereon."

The payment of a check or bill of exchange by the bank upon which it is drawn is equivalent to its acceptance. In view of this law of our State, there is no necessity for an elaborate discussion

of the questions which have grown out of transactions occurring prior to its adoption by our State. Two lines of decision, each line emanating from courts of the highest authority and most reputable standing for judicial learning, have followed through this class of cases.

One line, tracing its origin to the decision of Lord Mansfield in the case of Price vs. Neal, 3 Burr. 1354, holds without qualification to the rule that when the drawee of a check, to which the name of the drawer has been forged pays it to a bona fide holder, he is bound by the act, and cannot recover the payment. This, on the rule that the drawee of a bill of exchange, check or draft is bound to know the handwriting of his customer, the drawer, and if he accepts or pays a bill, check or draft in the hands of a bona fide holder for value, he is concluded by the act, although it turns out that the signature of the drawer is a forgery, and, having paid or accepted it, he can neither repudiate the acceptance nor recover the money paid.

The other line, because of comparative late origin, or more accurately, announcement, sharply challenges this, and as said by an accepted authority on Banks and Banking in treating of it (2 Morse [4th Ed.] § 464): "This doctrine is fast fading into the misty past where it belongs." The so-called modern rule is that one who purchases a check or draft is bound to satisfy himself that the paper is genuine and that by indorsing it or presenting it for payment or putting it into circulation before presentation, he impliedly asserts that he has performed this duty. Consequently it is held in this line of cases that if it appears that he has neglected this duty the drawee, who is without actual negligence on his part and who has paid the forged paper, may recover the money paid from such negligent purchaser. The recovery is permitted in such cases sometimes on the ground that although the drawee was constructively negligent in failing to detect the forgery, yet, if the purchaser had performed his duty, the forgery would in all probability have been detected and the fraud defeated, and again on the ground that he has received money to which he is not entitled.

As stated by the able counsel for appellant, this modern rule does not always apply the rule of Price vs. Neal to a case where the holder has himself been negligent in taking the check, and has thereby led the drawee to relax his vigilance. One of the earliest cases so holding is that of the Gloucester Bank vs. Salem Bank, 17 Mass. 33. Another is Ellis & Morton vs. Ohio Life Ins. & Trust Co., 4 Ohio St. 628, 64 Am. Dec. 610.

The cases illustrative of these two lines of decision are so fully compiled in 10 L. R. A. (N. S.) 49 et seq., in annotation of the case of First National Bank of Lisbon vs. Bank of Wyndmere, 15 N. D. 299, 108 N. W. 546, which case follows the latter line of decision, that we can do no better than refer to that work for reference to the conflicting cases. It is to be noted that the so-called modern cases or what is a more proper denomination, the new-rule cases, do not appear to notice the effect on the Price vs. Neal rule of the negotiable instruments law, although many of our States — thirty-five or more — have adopted it since it was drafted in 1895, practically in the form adopted by us. The courts following the new rule have frequently proceeded upon the idea that recovery could be had in case of payment of forged paper, on the ground, to put it briefly, that it had been paid by mistake of fact, a rule denied in the cases which follow Price vs. Neal.

It is also to be remarked that the author of the notes to First National Bank of Lisbon vs. Wyndmere, 10 L. R. A. (N. S.) 49, before referred to, does not notice the negotiable instruments law, nor is it noticed in the annotated case, although North Dakota appears to have adopted the law between 1897 and 1902. (See Crawford, Ann. Neg. Ins. Law, 3d Ed.) The doctrine applicable in cases of negligence is also invoked in these new-rule cases that as between two innocent parties he through whose negligence the act first occurred is the one to suffer.

Nearly the identical questions here

involved have very lately been before the Springfield Court of Appeals, where, under the title of National Bank of Rolla vs. First National Bank of Salem, 125 S. W. 513, a very elaborate and learned discussion will be found.

Judge Gray, writing the opinion in that case, held, after an examination of the cases and in the light of our negotiable instruments act, that where the payee bank pays a check to another bank, which is a bona fide holder, such drawee cannot recover the money back on discovering such check to be a forgery. The only material difference between that case and the case now before us is that in the case before the Springfield Court of Appeals negligence was neither pleaded nor in issue. Here it is. Judge Gray first disposing of the question on principle and on the authorities, and independent of the statute, follows the rule in Price vs. Neal. He further holds that in the adoption of our negotiable instrument law, we have adopted the rule announced in Price vs. Neal. The State of New York has adopted this same negotiable instrument act and in the case of Title Guarantee & Trust Co. vs. Haven, No. 2, 126 App. Div. (1908) 802, 111 N. Y. Supp. 305, the Supreme Court of that State, in an opinion by Judge Ingraham, passing upon sections similar to the ones which we have quoted from our law, construes them as making it conclusive upon the drawee after acceptance that the note was genuine and the indorsements and all prior indorsements assured. That is to say, the Supreme Court of New York in this case recognizes that in the adoption of this negotiable instrument act the State of New York had adopted to its fullest extent the rule announced in Price vs. Neal, the court quoting from National Park Bank vs. Ninth Nat. Bank, 46 N. Y. 77, that "for more than a century it has been held and decided, without question, that it is incumbent upon the drawee of the bill to be satisfied that the signature of the drawer is genuine; that he is presumed to know the handwriting of his correspondent; and if he accepts or pays a bill to which the drawer's name has been forged, he is bound by the act, and can neither repudiate the acceptance nor recover the money paid." Quoted approvingly in Bank vs. Bank, 107 Mo. 402. See, also, Bank vs. Bank, 109 Mo. App. 665.

Taking the same view of our negotiable instrument law as that taken by the Springfield Court of Appeals in the National Bank of Rolla vs. First National Bank of Salem Case, and by the Supreme Court of New York in case of Title Guarantee & Trust Co. vs. Haven, No. 2, we hold that when our State adopted the negotiable instruments law it adopted the rule announced in Price vs. Neal. We are therefore not called upon to inquire into the soundness of that rule or whether modern decisions have overturned it. We are bound to it by force of our own statutory law.

This disposes of the main contention. But it is urged that negligence on the part of defendants has been proven, and that even the cases which follow Price vs. Neal recognize negligence on part of the holder as taking the case out of the rule. It is not necessary to discuss the proposition of law involved. The negligence here relied on is in the failure to identify the payees as the real parties named as such. But there is no probative evidence that they were not the very parties named in the checks as payees. The defendants' agents were not bound to determine at their peril that the signature of the drawer was forged. That, under our negotiable instruments law and under Price vs. Neal, is not negligence. The genuineness of that signature was vouched for by the plaintiff when it cashed the checks. Why should the fact that defendants passed it as genuine be imputed as negligence to them? It was so near the genuine that the officers of the plaintiff bank, the drawee, accepted and cashed the checks upon which it appeared as genuine. Nor do we think that indorsements and presentation of these checks to the plaintiff bank was in any sense a negotiation of them. They were presented to the drawee by the defendants for payment, not in the line of negotiation, and they were paid, not bought.

Finally, we hold that the appellant bank, under rule twelve of the clearing house, of which it and the defendant banks were members, and by which they are all bound, was chargeable with the consequences of a disregard of that rule. It is no answer to this to say or prove that no harm resulted to defendants by the delay. The rule makes no such exception. Nor is it an answer here to the charge of disregard of that rule to say that these checks came in such great number and by one delivery that there was not time to examine and reject these forty-eight. This rule was made by men of long experience in banking—men of great banking acumen. There is no suggestion that it violated any law. It is not possible to believe that in the city of St. Louis, with its wonderful banking business, it was an uncommon occurrence to have hundreds of checks turned in through the clearing house at one and the same time. If out of their experience these bankers, making their own law, did not think it wise to make an exception to the rule to meet such an event, it is fair to assume that they have concluded that it is not the part of wise and safe banking to make such an exception. As they have made none, we do not think the courts should undertake to do so.

On a careful consideration of the case we hold that, under the facts in evidence before the learned trial court, the demurrers were properly sustained, and judgment properly entered in favor of the defendants. That judgment is affirmed. All concur.

NOTES ON CANADIAN CASES AFFECTING BANKERS

[Edited by John Jennings, B.A., L.L.B., Barrister, Toronto]

CONTRACTS—GAMING CONTRACT—MONEY ADVANCED FOR SPECULATION IN STOCKS.

SELBY vs. CLARK.

SELBY VS. CLARK (Quebec Reports, 38 Superior Court, 287).

Held, An agreement under which money is advanced for the purpose of speculation in stocks, as a gaming contract and no action will lie on an I. O. U. given by the borrower as security for the amount.

THE facts of the case appear from the judgment of the Trial Judge, which was unanimously upheld on appeal to the Court of Review.

JUDGMENT (CHARBONNEAU, *J.*): This is an action taken by the plaintiff for the sum of $100, money advanced to the defendant, the receipt of which was acknowledged by an I. O. U. for the same amount.

This is the way the plaintiff himself, examined as the defendant's witness, explains the circumstances under which he gave that money to the defendant:

"I gave it to Mr. Clark. He came to my store and was telling about the money that he had just made buying stocks, and I told him that I had never been that lucky; what money I had ever invested had been lost in stocks, and Mr. Clark told me if I would let him have $100 he would make some money for me. I told him I had no money to lose, and Mr. Clark told me that if I would let him have $100 he would give me a personal guarantee that it would not be lost; that he was positive that he could make some money out of it, and I told Mr. Clark in these words: I says, I have no money to lose, and he said: 'I will give you a guarantee on I. O. U. that you won't lose this money.' I told him that was all right, but I do not feel as though I could give it, and Clark told me, he says: 'Ain't I worth $100?' He says: 'I will give you an I .O. U. which is as good as a promissory note for this,' and he gave me the I. O. U. and I gave him the check for it."

As he was advancing only $100, the plaintiff could not expect to make a big lot of money without speculating, that is to say, gambling in stocks. These stocks had, evidently to be bought on

margin, and a very small margin at that, the bucket shop margin, and, to make sure that he would come out all right, he got the defendant's I. O. U. as security that his money would not be lost; so that, to sum up the whole transaction, the I. O. U. on which this action is based was given by the defendant to the plaintiff as a guarantee of success in a gambling venture. It makes no difference whether this was a joint venture of the two parties, or a transaction to be made in the defendant's name, or in the plaintiff's name. The whole thing was illicit and null from the start, and the judgment which dismissed the plaintiff's action must be confirmed.

PROMISSORY NOTE—JOINT PROMISE BY TWO—PREFIXING THE WORD "ENDORSER" TO SIGNATURE OF ONE OF THEM.

TAPLEY vs. PAQUET.

TAPLEY VS. PAQUET (Quebec Reports, 38 Superior Court, p. 292).

Held, Where a note runs "we jointly and severally promise to pay," is signed by A and B on its face, and B prefixes to his signature the word "endorser," it is deemed to be the note of A endorsed by B. Hence, in this province, in default of protest for non-payment and of notice thereof, B is discharged from liability on the note.

THE facts appear from the judgment of the Trial Judge, which was unanimously upheld on appeal to the Court of Review.

JUDGMENT (DUNLOP, *J.):* In this case the plaintiff inscribes in review of the judgment of the Superior Court dismissing his action with costs. He sues the defendant on a promissory note which bears interest at the rate of 120 per cent. and which is in form, as follows:

Montreal, November 21st, 1902.

One month after date, for value received, we jointly and severally promise to pay to the order of M. Tapley, 246 St. James street here, the sum of $100 with interest after maturity, at the rate of 120% per annum until paid.

ARMAND DUPUS.

Endorser. FRANCIS PAQUET.

The question to be considered is as to whether the defendant Paquet is to be considered as one of the makers of the note, having signed his name to the note below the signature of Armand Dupus, the other maker, or as endorser, inasmuch as he has expressly added this quality to his signature.

The extent of the obligations assumed in and by promissory notes ought to be determined between the parties contracting, as in other contracts, by the intention of the parties rather than by the particular place where one of the parties has placed his signature.

The obligations which the defendant undertook by signing the note as endorser were very arduous. He was not only responsible for the sum of $100, but also for interest at the exorbitant rate of 120 per cent. per annum until paid. I think he was clearly entitled to notice of protest, and that the note in question should have been protested according to law.

There is no doubt that notes payable by instalments can be protested in the same manner as other promissory notes. I am of opinion that the defendant having expressly declared his intention of signing the note in question as endorser, is to be considered as such, and, inasmuch as the plaintiff has not protested the note in question at maturity, the defendant is relieved from all obligations.

It may be noted that the promissory note in question is made on a printed form. The only part not printed is the date and the name of the payee and the amount of the note. Now, the defendant signed this note as endorser. This is evident, as the word "Endorser" appears before his signature. The plaintiff accepted the defendant as endorser of the note, by retaining the note. If he was not satisfied with his signature as endorser, he should have returned the note to the defendant, wihch he did not do.

As I view the case, the defendant is only liable as endorser and subject to the rights and liabilities of an endorser, and as he never waived protest, the note should have been protested and notice of protest given to him according to law. The trial judge has quoted at

length, in his judgment, various authorities in support of the decision he arrived at, dismissing the plaintiff's action with costs. It is unnecessary for me to recite at length these authorities. I am of opinion they support his decision.

After a careful examination of the case, I am of opinion that the judgment of the Superior Court, dismissing the plaintiff's action was right and should be confirmed, with costs against the plaintiff in both courts.

BILLS AND NOTES—DEFENCE OF ILLEGAL CONSIDERATION —BURDEN OF PROOF.

DEAN vs. McLEAN.

DEAN VS. MCLEAN (44 N. S. R., p. 147).

The defence to an action on a promissory note was that the note in question was given for money advanced by the plaintiff with knowledge that it was to be used in an illegal stock jobbing transaction.

Held, by Russell and Drysdale, JJ., that, in order to succeed in this defence, it was necessary for the defendant to show that he was engaged in an illegal transaction and that plaintiff knew, when he advanced the money, that it was to be used for the furtherance of such transaction, and that, in the absence of such evidence, there should be judgment for plaintiff for the amount claimed with costs.

Meagher, J., dissented.

THIS was an action on a promissory note for $812.40, being a renewal of a former note for $1,300. The original note had been given in settlement of a claim by the plaintiff against the defendant for a much larger sum of money. The defence to the claim upon the note was that it represented money lent by the defendant to the plaintiff, which money to the knowledge of the plaintiff was to be used in the carrying out of an illegal transaction. The defendant had purchased forty shares of Dominion Coal Company stock, paying a deposit of $200, and these shares declining in value, he had borrowed three sums of money from the plaintiff, to be paid by way of a further margin on the stock. As a matter of fact the plaintiff himself paid the last sum of $500 to the brokers. It was contended that this transaction was within Sec. 231 of the Criminal Code, aimed at making a contract purporting to buy or sell shares without the bona fide intention of acquiring the shares a criminal offence. The Trial Judge found in favor of this view and dismissed the action. From this an appeal was taken.

JUDGMENT (RUSSELL, *J.)*: Under the section relating to stock transactions (s. 231 of the Criminal Code), the defendant could lawfully contract to buy forty shares of the Dominion Coal Company's stock, allowing the broker to retain the shares as security for the advance of the purchase money. There is no evidence that the broker did not purchase the stock and so retain it. If he had failed to do so, and rendered accounts from time to time which were mere fictions, crediting the defendant with dividends and charging him with interest, there is no clear evidence that the defendant was aware of the fact.

If the defendant were aware of the fact, the plaintiff would not be disentitled to recover on his note unless, at the time he loaned the money, he was aware that the object of the loan was the pretended purchase of the shares, and that they were not to be really bought by the broker and held for the defendant, and as the property of the defendant subject to the lien.

To an interrogatory, combining two questions in one, the plaintiff made an answer which, at the most, implies that he did not think the defendant was buying the stock out and out, by which, I take it, he meant that he was not paying for it out and out. It is not even clear that the witness is not speaking of an impression acquired after the date of the loan. There is, on the other hand, affirmative evidence that the plaintiff believed that the stock was to be paid for out and out. The learned Judge asked the question: "When he came the second time for the money, what was he to do with it?" The answer is: "He was to apply it on the stock, to help buy the forty shares of coal outright." A moment before this the

learned judge said to the plaintiff: "You knew he was not buying $4,000 worth of stock as an investment? A.—I don't think the stock came to that. There was $1,700 paid on it, and if he applied $100 a month it was not impossible for him to get the money to pay for the certificates."

Still earlier, the plaintiff had said that he had not put up the money because he thought the defendant was trying to redeem the securities.

It is not necessary to conclude that these answers were perfectly candid. The defendant had already said, in answer to a question whether he had explained all the circumstances to the plaintiff: "Certainly, he was familiar with them from the first." But there is no clear evidence that there were any circumstances to be explained except that the defendant was buying stock on margin to be held by the broker for advances pending a rise in the value, which is a perfectly lawful transaction.

The defendant then expressed the opinion that no broker who was not running a bucket shop would accept a five-point margin.

There is no evidence, apart from the vague, general statement already referred to, as to his knowledge of all the circumstances, that the plaintiff knew that the stock was bought on a five per cent. margin, and none whatever that, if he had known this, he would have known enough to accept it as the infallible indication of a bucket-shop transaction, assuming in defendant's favor that he was well informed in expressing such an opinion.

In order to succeed in the unrighteous defence set up against the plaintiff's claim for the money advanced, it was necessary for the defendant to show that he was engaged in an illegal transaction, and that the plaintiff knew, when he advanced the money, that it was to be used for the furtherance of such illegal transaction. I can find no very clear evidence to support the first of these propositions, or even to show that the stock was not really purchased by the broker and held for advance, although it seems altogether probable that it was not. But there is certainly no evidence to show that the plaintiff was aware, when he advanced the money, that it was to be used for an illegal purpose. The appeal should, therefore, I think, be allowed with costs, and judgment entered for the plaintiff for the amount claimed with costs.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department

CASHIER'S CHECK

BLOOMSBURG, PA., Nov. 28, 1910.

Editor Bankers Magazine:

As a reader of your Journal, would you kindly advise me through your magazine or by mail if you care to do so, whether or not a cashier's check issued by a national bank is trust funds, and whether or not it is a preferred claim over ordinary deposits and other creditors.

M. MILLETSEN, Cashier.

Answer: In the absence of fraud, a cashier's check, whether issued for money deposited at the time, or in payment for a past due indebtedness, is not different from any other simple contract of the bank, and the holder is not entitled to any preference in case of the insolvency of the bank. Where, however, there is a fraud, the person receiving such check may repudiate the transaction, return the check, and recover the money specifically, if he is able to trace it into the hands of the receiver.

NOTE PAYABLE AT BANK — DISCHARGE OF INDORSER

ASHEVILLE, N. C., Nov. 2, 1910.

Editor Bankers Magazine:

SIR: Please answer through your columns, the following questions:

1st. If A's note with the usual waivers of protest, notice, etc., is endorsed by B, and is due and payable at this bank, and this bank elects or neglects to charge it to A's

account, which is good for the amount, and later A withdraws his money, can we then collect from B, the endorser, A being insolvent?

2nd. Should a bank consider a note payable at its office, an order to pay when presented, any day after date of its maturity? It is a well settled fact that it should pay on the day of its maturity, but I have not seen any decisions answering this question, satisfactorily. W. B. W.

Answer: (1) Whether a bank which is the holder of a note discharges an indorser by failing to apply the deposit of the maker to the payment of the note is a question upon which the authorities differ. In some States it is held that an indorser has no right to insist that the bank pay the instrument out of the deposit of the maker or acceptor. (Second Nat. Bank vs. Hill, 76 Ind. 223; McShane vs. Howard Bank, 73 Md. 135; Citizens Bank vs. Booze, 75 Mo. 189; Bank of British Columbia vs. Jeffa, 15 Wash. 230.) But in other States it has been held that if a bank has funds of the depositor which it may apply to the payment of the instrument at its maturity, and does not do so, but allows the depositor to draw them out, this discharges the indorsers and all parties to the instrument who are merely sureties. (Commercial Nat. Bank vs. Henninger, 105 Pa. St. 496; McDowell vs. Bank of Wilmington, 1 Harrington [Del.] 369; Dawson vs. Real Estate Bank, 5 Ark. 283; Pursifull vs. Pineville Banking Co. 97 Ky. 154.) The question does not appear to have been decided in North Carolina. (2) The provision of the Negotiable Instruments Law is, "Where the instrument is made payable at a bank it is equivalent to an order to the bank to pay the same for the account of the principal debtor thereon." (Sec. 87 N. C. Act.) This language is general, and there seems to be no reason why it should be limited to cases where presentment is made on the date of maturity. Such a note is to be treated, so far as the bank is concerned, as if it were a check; and while the failure to make presentment on the day of maturity may discharge the indorsers, it does not affect the liability of the maker. Until the maker directs the bank to refuse payment, the note may be regarded as a continuing order upon the bank, just as a check would be.

AMENDING THE NEGOTIABLE INSTRUMENTS LAW

Editor Bankers Magazine:

I AM in receipt of your communication respecting the recent act of the Massachusetts Legislature, which adds to Section 102 of the Negotiable Instruments Law a proviso as follows:

"Provided, however, that no person receiving any check, draft, bill of exchange, or promissory note payable on demand shall be deemed guilty of any neglect or omission of duty, or incur any liability, for not presenting for payment or acceptance or collection such check, draft, bill of exchange or promissory note on a Saturday; provided, also, that the same shall be duly presented for payment or acceptance or collection on the next succeeding business day."

This amendment illustrates one of the great difficulties to be overcome in securing uniform laws. No sooner do the twenty-odd commissions on uniform laws and the American Bar Association —which may fairly be presumed to know something about the subject—obtain the general enactment of a uniform statute, when some one proposes an amendment that immediately destroys uniformity. It was well enough, perhaps, for the legislature of Massachusetts to define the duty of a collecting agent with respect to paper maturing on Saturday, but such legislation should not have been put into the Negotiable Instruments Law; for it is not germane to anything within the scope of that Act, which is confined strictly to the law of commercial paper, as the

limits of that subject are understood by Courts and lawyers. The act defines the liabilities of the PARTIES to such paper, and the rights and duties of the *holder;* but the duties and obligations of *an agent taking commercial paper for collection* belong to the law of agency or banking, and any legislation on this head should be put into some statute relating to those subjects, or into some independent act. Any other course is bound to end in that very confusion which uniform laws are intended to remove.

The difference between the duties of a *holder* (which is properly a part of the law of commercial paper) and the duties of a *collecting agent* (which belong to another branch of the law) were well illustrated by the Court of Appeals of New York in *First Nat. Bank of Meadville vs. Fourth Nat. Bank of New York* (77 N. Y. 320; 89 N. Y. 412) where it was said:

"Suppose an agent receives for collection from the payee a sight draft. No circumstances can make it his duty, in order to charge the drawer, to present it for payment until the next day. He has entered into no contract with the drawer, is not employed or paid by him to render him any service, and owes him no duty to protect him from loss. What is required to be done to charge the drawer is simply a compliance with the condition attached to the draft, as if written therein; and that condition is in all cases complied with by presentation, demand, and notice on the next day after receipt of the draft. But suppose the agent, on the day he receives the draft, obtains reliable information that the drawee must fail the next day, and that the draft will not be paid unless immediately presented; what, then, is the duty he owes his principal, whose interest for a compensation he has agreed with proper diligence and skill to serve in and about the collection of the draft? Clearly, all would say, to present the draft at once; and if he fails to do this and loss ensues, he incurs responsibility to his principal; and yet the drawer would be charged if it was not presented until the next day."

Now, if the Negotiable Instruments Law is to be amended so as to define the duties of agents having paper to collect, its scope must be greatly enlarged. For example, the act requires no presentment for acceptance where the bill is payable at a fixed time after date at the drawee's residence or place of business; but if we are to go beyond the legal duties which the *holder* owes to the *parties to the paper,* and take up the question of the duties which the *agent* of the holder owes to his *principal,* we should have to make considerable additions to the Act. But, to do this would be a wide departure from the general scheme of the Act, which was intentionally limited to the law of commercial paper. The omission of all such matters as that covered by the Massachusetts amendment was not by oversight, but by design; and the object was to preserve that orderly arrangement which is indispensable to any clear and scientific statement of the law.

The American Bankers' Association has rendered the American Bar Association some valuable aid in securing the general adoption of the Negotiable Instruments Law; but if the bankers continue their activities in the way of proposing additions to the law, the Bar Association may have to regret the alliance. In New York, for example, some one claiming to represent the banks has procured from the legislature the enactment of a new section as follows:

"No bank shall be liable to a depositor for the payment by it of a forged or raised check, unless within one year after the return to the depositor of the voucher of such payment, such depositor shall notify the bank that the check so paid was forged or raised." (Sec. 326.)

Now, this new section has nothing whatever to do with the law of commercial paper, and to add it to the Negotiable Instruments Law was a disregard of all scientific *arrangement.* As an amendment to the Banking Law it might have done very well, but as an

amendment to the Negotiable Instruments Law it is out of place. Let the banks secure all the legislation they want to regulate their dealings with their customers—no one has any objection to that—but let them do so by way of independent acts, and not by putting riders on the Negotiable Instruments Law. JOHN J. CRAWFORD.

New York, Nov. 25, 1910.

INVESTMENTS

Conducted by Franklin Escher

BONDS VS. REAL ESTATE MORTGAGES

A STUDY OF THE INVESTMENT ADVANTAGES OF THE CORPORATION BOND

By E. D. Pouch, of Pouch & Co.

THE difference between "mortgage bonds" issued by railroads and "real estate mortgages" is very often misunderstood by prospective investors. In many cases the statements made by sellers of either kind of investment are misleading and inaccurate. We, therefore, aim to show herewith their comparative investment features.

A mortgage on either a parcel of real estate or on a railroad is practically the same class of security, the chief difference being that the real estate mortgage is usually sold in its entirety, and matures in a very few years, usually two or three; while the railroad bond represents the participation of the holder, usually to the extent of $1,000 in a large mortgage held by a trustee for the benefit of the various holders of the separate $1,000 bonds, which generally matures after a long period of years. When issued under the right conditions, both classes are, of course, safe investments, being fundamentally identical, the form being the chief difference. For many reasons the *form* of the "railroad bond" investment can be recommended.

The most important requisites for sound investment, are

Security of Principal.
Security of Income.
Convertibility into Cash.

SECURITY OF PRINCIPAL.

It is self evident that the highest income and the best security do not go hand in hand and an investor must choose one or the other. Therefore, mortgages on highly improved properties, both railroad and real estate, will yield the investor much less than unimproved properties. Therefore, the equity above a railroad bond issue is often relatively expressed in the yield and market price of its bonds compared with other bonds. These market quotations are the combined opinions of financial communities, and are not an individual's appraisal. The stocks of corporations also express a tangible equity when they enjoy a good market value or pay dividends.

The rate per mile of bonds issued on a certain line of road is a good guide on "security of principal" by comparison with the average cost of construction, and with other similar standard railroad properties. The simplest and best guide is the "security of income," which is explained later.

Whereas a real estate mortgage may show good equity in the appraised value of the property, usually one man's opinion, this equity is decidedly arbitrary, and sometimes amounts to a small sum of money as compared with railroad bond equities. In a drop of the local

real estate market, due possibly to undesirable neighbors, this equity may vanish very quickly; and may be actually protected very little of the time by a market bid for the property. Appraisers often acknowledge a great difference between "appraised value" and "selling value." Also the physical condition of real estate may deteriorate rapidly without the notice of the mortgage holder, while the annual reports of any standard railroad show vast sums spent for improvements as well as maintenance.

Security of Income.

The fact that the earnings of the railroad companies are published by the Interstate Commerce Commission each month, showing their actual earning power, enables one to figure very quickly the security of his investment or his equity as regards income. Real estate rentals (or incomes on which appraisals are largely based) are not as dependable as the incomes of good corporations. Furthermore, the dwelling house rental is far from steady and at times is nothing, often being dependent on one tenant alone.

First-class investment brokers will only recommend bonds of railroads whose income is far in excess of necessary interest charges, such income being derived from many different communities and industries. In this way the risk is distributed and not concentrated as is the real estate mortgage, which is particularly emphasized at foreclosure.

The equity above the railroad and corporation bond increases enormously as the earnings increase, which, of course, enhances the market value of their bonds and stocks; whereas, in a real estate mortgage, if the property increases in appraised value, the amount of the mortgage itself is raised at maturity to as high a percentage as possible.

Marketability or Convertibility.

Good railroad bonds are among the best collateral to use in securing a bank loan. Almost any institution will loan eighty per cent. of their market value at all times. This is very important to business men, who may want to borrow or raise money on short notice in the ordinary course of business. On the other hand, trust companies are reluctant to accept real estate mortgages as collateral, owing to the difficulties in marketing same—as shown above—and national banks are restricted in loaning on real estate; at any rate, there would be considerable delay in borrowing when it might be costly and embarrassing; and the rate on the loan, if secured, would also probably express the attitude of the lender toward the collateral.

The railroad bond is part of a large issue, owned by many people who may desire to buy additional bonds of that issue at any time, and if the owner has $5,000 and desires to raise $1,000, he does not have to sell or sacrifice the lot; the bond passes to the new owner on delivery, without recording; and with its long maturity, has a quoted market price, which can be taken advantage of at any time without waiting for the time of maturity, and very often at a premium over the price paid.

Securing a market for one's real estate mortgage is very difficult even in good times, because it may be too large an amount or too small for the buyer—it must be sold as a unit, irrespective of whether the owner wants to liquidate all or part of it. The shortness of the unexpired term of the mortgage might also be unattractive to an investor. The property is usually unknown to the buyer and must be investigated with considerable trouble (including the question of fire insurance and taxes) and expense, embracing survey, registration and title guarantee expenses, or a large commission to a company covering these services.

If one is forced to sell his real estate mortgage during a financial depression, a considerable loss of principal is usually taken—often greater proportionately than in the case of railroad and corporation bonds that have a ready market, irrespective of the probable low

price of bonds during such depressions. It is also during these depressions that the narrow real estate market is flooded with new mortgages at most attractive high interest rates, which necessitates a sacrifice of a part of the seller's principal, if he is fortunate enough to locate a buyer.

ENHANCEMENT OF PRINCIPAL.

By using judgment in selecting the bonds of companies which have a promising future, an investor can from time to time add materially to his principal on account of a steady increase in the market value of his bond. This is in no sense of the word speculation, but wise investment of capital, in such a manner that the growing wealth of this country will not only increase the company's earning power, but also give a direct participation to the bondholders in the steadily increasing value of the property on which the loan is secured. This is always reflected in the market price of the securities. Many prominent investors and estates have, by reinvestment in this way, largely increased their principal during the wonderful growth of our country's corporations. On the other hand, the holder of a real estate mortgage has nothing to look forward to in the nature of enhancement of his principal.

The one condition under which there is any reason to purchase real estate mortgages with as short maturities as possible, is when railroad and corporation bonds are selling so high that there is no opportunity to invest in them at a fair return; the object being to temporarily employ one's capital. When these short investments fall due, one might then reinvest in bonds at a very much lower market level than had been current two or three years previous. This could also be accomplished by buying railroad company notes, other short time investments, or possibly a certificate of deposit of a trust company.

The fact that the best guaranteed real estate mortgages often yield more than the highest class railroad bonds, say, for example, four and one-half against four and one-quarter, proves that there must be some desirable features which create a demand sufficient to hold comparative prices in this way, showing railroad bonds the more in demand. Conversely, if real estate mortgages were more desirable to the average investor, the price would show it, and the demand would reverse the income basis of each class.

Among other reasons explaining this contrast between the income from bonds and real estate mortgages, is the opportunity offered every few years to buy railroad bonds at low prices and probably after a year or so sell them at high prices, increasing the principal as already described. Records prove this opportunity. In the last sixteen years

bonds have generally advanced eleven years and declined five years.

Under the same conditions which produce higher real estate mortgage rates, railroad bonds are probably five or more points below their normal market price. Therefore it seems to be short-sighted policy to buy real estate mortgages just because of a possible advance of one-half of one per cent. in interest rate. Normal conditions may again be current in a year's time after your purchase of railroad bonds. In one case, the real estate mortgage buyer may receive one-half of one per cent. more interest for, say, two years (one per cent.), and the purchaser of bonds, will probably receive a five per cent. increase of principal, a gain of at least four per cent. net over the real estate mortgage, modestly estimating bond market changes.

Suppose a trustee invested in guaranteed real estate mortgages for fifteen years at three-year intervals. He would probably secure an average, covering the five renewals, of not over four and one-half per cent. and possibly under. Money rates might be such that four per cent. was the best rate at most renewals. Therefore there would be really no gain over the income from a long term four and one-half per cent. railroad bond, which possesses other advantages.

Money Market Influence.

The general money market largely influences the rate of interest on the real estate mortgage, while the rate on a bond, of course, remains fixed. Therefore, when time money rates change at the money centers, the rate on new real estate mortgages either advances or declines, according to "time rates." Bonds are also affected in their quoted value, their market price declining as a rule when money rates "tighten," and advancing when money is very "cheap." Those real estate mortgages that have not matured, must also change in relative value, even if not expressed in market quotations. This is easily verified if a holder of a guaranteed mortgage will go back to a title company a year after his purchase and try to resell. If time money rates have declined considerably during the year he probably will be quickly accommodated; while if money is "tight" and he insists on a sale, he will undoubtedly take some loss of principal—and this is his best and only "market." This expresses the rise or decline in value of real estate mortgages quite like other securities.

Other Corporation Bonds.

Standard industrial and public service corporations have now so well demonstrated their credit that their bonds can be classified in a general way with railroad bonds in this contrast with real estate mortgages. In making a choice one must use the same good judgment necessary as in selecting, for example, a real estate mortgage, in which mistakes are frequently made by the inexperienced purchasers.

It is often said by those who do not thoroughly understand a real estate mortgage proposition that is guaranteed by a title company, that they can immediately collect the principal from the company on any default. A year and a half must elapse, however, before the mortgage holder has any claim on the guaranty company itself. The holder of a railroad bond, however, practically always has a much quicker claim through the trustee (from one to six months) against the corporation, of whose mortgage he is a part holder.

Tax Exemption.

A new law, effective June 23, 1910, enables a holder of any mortgage bond on property in New York State, where the mortgage is recorded in the State, to have his bond stamped tax exempt until maturity by paying one-half of one per cent. to the State. This charge of five dollars per bond is so small, distributed over the ordinary life of a railroad bond, that it is a negligible quantity especially as regards basis. This same charge in the case of a real estate mortgage distributed over three years will make an annual difference of $1.66 per $1,000, which must affect the rate of interest, although the tax is not directly paid by the purchaser.

As regards tax exemption, therefore, the new law places the railroad mortgage within the reach of investors requiring this form, and without appreciable cost, or any disadvantage.

"HARD CASES"

A GROUP of bond salesmen were gathered in the lobby of a Springfield hotel after dinner, discussing experiences. The talk ran to "hard cases."

"I got my training in the bond business with Matt C. Smith," said a salesman for a New York bond house. "Smith is now treasurer of the United States & Mexican Trust Company, with headquarters in New York. At the time I started with him he was traveling for a big Chicago bond house and making a specialty of hard cases—men that no one else could see.

"I was his 'private secretary'; did nothing but go out ahead of him and make appointments. This, by the way, was a great idea of his. The prestige of a private secretary would get him audiences with people he never could have reached otherwise and he was the kind that with a clear track and a hearing would close pretty near every man he saw. But that is another story.

"One afternoon in Buffalo, N. Y., we had a little spare time and no appointments, so we started out to see a few good people 'catch as catch can'. We struck one place, a big manufacturer's, and were ushered into his private office. The fellow was studying some reports on his desk. Smith laid his card before him. The man read the card, gave Smith a mean sort of a look and, without saying a word, nodded with his head in the direction of the door. Then he turned back to his reports. Smith stood still for a while and then cleared his throat. Hearing this, the manufacturer, without looking up, removed the card from his desk and dropped it in the waste paper basket.

"Smith got a little pale, leaned over and in a hard, cold voice that vibrated with wrath, spoke right in the man's ear.

"'Pick up that card, you boor!' he said. The fellow's face got red, he glanced sidewise at Smith, who was a pretty husky boy, and finally he leaned over and dug the card out of the waste basket and handed it back to Smith.

"'I beg your pardon,' said he. Smith turned to go and I followed him. The manufacturer called to us to stop, but Smith wouldn't listen. 'I wouldn't sell a cur like that,' he told me.

"Another one of Smith's specialties was dealing with the busy little business man who keeps a salesman standing by his desk without so much as a greeting while he goes on reading mail. Smith would gently roll the man's chair to one side and sit himself on the mail. Then

he would start in with his talk, addressing the prospect from a seat on the desk.

"It takes a husky man with nerve to adopt these tactics, but after a wide experience in dealing with office boors, I think it is the best. It sort o' wakes them up to themselves. It's been a long time since Smith carried the Wallet, and to meet him you would think he loved peace and diplomacy above everything. But if I were going up against one of these fire eaters I don't know a man I'd rather take along than Matt C. Smith."

WATER COMPANY BONDS

A DISCUSSION OF WHAT CONSTITUTES ONE OF THE BEST CLASSES OF PUBLIC SERVICE CORPORATION SECURITIES

By Lawrence Chamberlain

Of all public service issues, none, perhaps, is more simple of understanding than Water Company Bonds. These are not to be confused with Water Power (sometimes called Hydro-electric Power) Bonds, nor with the water bonds issued by municipalities. What is meant are bonds issued by companies which supply to municipalities, corporations and individuals the advantages of hydrant and faucet for delivering water piped primarily as liquid rather than as power.

Conditions Affecting the Water Supply.

Water companies are not so dependent on steadiness of flow as power companies, because it is so much easier to store the fluid than the energy; but the ultimate source of supply must be unfailing from one year to another. Steam generators may substitute energy when waterpower fails, but there is no substitute for the supply of a water company. It ought never to fail. Therefore, the nature, extent, and permanency of the source, and the facilities for storage over a dry season require thorough investigation.

There is no uniformity of law throughout the country as to the right to draw water from rivers and other sources of supply. Priority of occupancy and appropriation is the cardinal principle of the arid states. Legislation elsewhere tends to conserve the flow and protect the quality of water for the benefit of all. A bond buyer will wish to be satisfied as to the protection offered by the state to the drawing of water for the fundamental uses of the water company. By law or natural conditions the company should be safeguarded from subsequent appropriation of the supply for irrigation, the generation of power, etc.

Since the use of water, even for drinking and other domestic purposes, requires a certain amount of energy of position, it is a pertinent question as affecting economy of operation how this head is obtained. The gravity system,

sufficiently described in the name, is the most economical to install and maintain. It is adapted, of course, to towns situated within reach of mountain heights.

The pumping system, common in the flat country of the Middle West, is not only more expensive to install and maintain, since it requires machinery and some labor, but it is uneconomical in the sense that two sets of pumps are necessary for uninterrupted service, especially when the pumping is directly into the mains, rather than into stand-pipes. The use of both systems by one water company is not infrequent.

The Question of Quality.

The water supply interests an investigator in other respects than in quantity, steadiness, and permanency. Water companies sometimes face a serious difficulty which is unknown to power companies, in the quality of the water which they serve. Again the presumption is in favor of the gravity system. Water coming from the heights, removed from settlement and manufacturing, is generally of satisfactory quality; the impurities are usually mechanical and can be removed by sedimentation in reservoirs, and settling basins. But water pumped from rivers is likely to contain vegetable impurities which can be eliminated only by filtration. Therefore, it is usual to maintain testing laboratories at the pumping stations to make frequent if not daily examination of the supply, for both chemical and bacteriological impurities.

Filtration, however, is not necessarily expensive; and the majority of modern plants are equipped with filtration systems. Consumers ordinarily do not object to paying for pure water; and a company's efforts to supply it, to the advantage of health and life, usually meet with adequate recognition and approval.

In a considerable part of the West there is no potable water to deliver; the supply from the mains is too brackish. There may sometimes be relation between this fact and the willingness or unwillingness of the inhabitants, generally, to pipe from the new mains. In the long-settled East, rural communities, comfortably supplied with wells, may be reluctant to change because of prejudice, inertia, or frugality.

The growth of a city increases the demand for water; but if by lack of proper foresight the source of supply has been located too near the city, the water may be contaminated. The well known history of New York's public supply has analogues.

It is of the utmost importance that the quality of water served be above suspicion. It is a most despicable trick of cut-throat finance to arouse in a community distrust of its water supply in the interest of a change of regime, as from private to municipal ownership; —or in order to depress the price of a company's securities. Whatever chances of success the scheme has are best in insular communities.

From the economic point of view, water companies are very favorably situated as to their supply. In a sense, water is their raw material, and is obtained free of cost except that of pumping and purifying. If the supply is good and permanent, earnings run no risk from price changes in the raw material. There may be transportation charges,—and right heavy,—as in the public works of Los Angeles, if the source is distant many miles; but the "cost of production," as distinguished from the cost of plant and properties, is low in relation to earnings.

Generally the water supply is a natural monopoly in that there is never a substitute for the raw material, and generally the company owns all the commercially practicable sources. Competition, relying on lessened costs or superior service, cannot, like Moses, strike the rock for this material. Less even than gas lighting, street railroading, and telephony, does water service lend itself to competition. In fact the writer knows of no city where there is competition in the same district. Large cities may be served by two or more companies,—London has six water companies, each of which operates in its own section,—but it is to be doubted if any cities have

companies competing in the same section.

Conditions Affecting the Water Demand.

It is truly said that the demand for water is as certain and constant as the demand for food, and it is equally true that increase in demand is as certain as increase in the population of communities large enough to be served by water companies. Indeed the demand for piped water in this country is like population in this respect that it never decreases. The question is merely as to the rate of increase. Therefore, the only instances in which we may fear that established water companies may fail for lack of demand for what they have to offer, is when the communities they serve are wiped out by some great catastrophe, or by the failure of the crops, product, or industry upon which the community thrived.

Even the fire and earthquake in San Francisco, and the flood in Galveston, did not cause suspension of business by the water works companies of these cities. Although the dividend on the Spring Valley Water Company of San Francisco was suspended in 1907, the surplus for that year was over 300 per cent. of the previous highest surplus. We know of no water works company in this country which has suspended business owing to a catastrophe.

The Plant and the Business.

When a water service has been instituted and built in good faith, the elements of chance and danger are remote from the other departments of the business. The plant itself is not subject to rapid depreciation, and it is almost immune from fire. Repairs and renewals made necessary by wear, or the progress of invention, are few. The mains, of cast iron pipe, have an indeterminately long life. Cyclones, floods and conflagration will not affect them. Hardly anything but earthquakes can.

The dependability of the water supply business is subject to the proviso that in the community there is a real need of piped water, and that the plant was honestly constructed of fair materials. Unfortunately, manufacturers of piping, pumps, or other material, and general contractors often covenant with a small town to supply it with water protection against fire, in order to find a profitable outlet for materials and labor. The building of waterworks offers an excellent opportunity to bury the evidences of cheap material, and construction and labor. Thus, in the past, the building of waterworks in this country has been overdone.

This, at least, was the situation twenty years ago. In fact, there was a circular issued in 1886 by one of the leading houses devoted to the sale of water company bonds, calling attention to the fact that many ill-advised water works properties were being constructed, among which there were those which were promoted for purposes of manipulation only. Since that time, however, the inevitable weeding-out process of intelligent competition has hindered such practices and at present bond buyers are not likely to suffer from them.

The comparative simplicity of putting a water company on its feet and operating it until a customer is found for the plant and the securities has attracted many into the field who have not sufficient initiative and capacity for organization, to undertake similar ventures in public lighting or transportation. Here lies the danger in water bonds. The safeguard (as always) is reliance in the

painstaking and intelligent examination of the property and the company's condition which any of the better bond-houses will give.

In the simplicity of the business problems of the water companies one is reminded again of the water power companies. Neither have fire or labor troubles to contend with. When water pipes are metered (as they should be, especially in pumping plants) then there is something to be done, but usually the office of a water company is as apathetic as the corridor of a country savings bank.

Capitalization and Earnings.

Without an engineer's report there is no way of ascertaining what is the fair capitalization for a water company, because the conditions under which the supply is obtained vary so widely. The necessary excess of net earnings over fixed charges safely can be smaller than in any other kind of private corporation because of the stability of earnings. It will be well to remember that the prime element of security is not material assets, such as those behind steamship and equipment bonds, easily convertible into money on foreclosure, but in the assurance of stable and increasing earnings, based on an inevitable demand for water. The per capita indebtedness of the company, computed on the population served, is a poor criterion of fair capitalization. An examination of 15 water companies in the United States serving communities of from 3,500 to 365,000 inhabitants shows a bonded debt per capita ranging from $12.50 to $78.88, and an average of $32.33.

The stability of operating and selling conditions is reflected in earnings. With a virtually costless raw material, and a reliable demand at a fixed rate, and freedom from competition, except from wells and similar sources of supply already established, it is not astonishing that the earnings of water companies are not affected by business depression. As long as the population of cities keeps increasing, so long should the earnings of established water companies increase in fair proportion. If anything further can strengthen the case, it may be recalled that water, particularly as supplied for domestic purposes, is paid for in advance, by reason of the initial deposit required; and all bills are paid at the offices of the company, so that it does not have even the expenses of collection. Water companies market their product also without the need or expense of a selling force, or of advertising.

Management.

But the inference is not that the business of supplying water to communities runs entirely of itself. The matter of management is important; only the importance lies in the friendly relation of the management to the municipality, rather than in the necessity of technical qualifications of a high order. Hence, local management is to be desired, when, as usually, that entails favorable effect upon local sentiment. If water is now supplied at a flat rate, and it becomes advisable to introduce meters, or if there is hydrant or other municipal business to be had or kept, officials skilled in diplomacy, and not antagonistic to the voters or city government, greatly aid the company's welfare.

Contracts and Franchises.

The chief single contract will probably be with the city. Not only a considerate management but reasonably favorable rates will be necessary to insure

a renewal of the contract on favorable terms, at its expiration, and discourage any thought of starting a separate plant for the public uses of the city, or the thought of buying out the existing plant for municipal ownership.

Theoretically, municipal ownership should not prejudice the interests of bondholders. It may even strengthen the security, because the city may guarantee the bonds in assuming the indebtedness; but, practically, any change in the status quo of a security is liable to injure it, at least for a time.

The ideal franchise of any company is perpetual. If limited, it should outlast the life of the bonds by a few years at least. This principle has no special application to water bonds, but the violation of it is causing trouble at the present time to such an important corporation as the Denver Union Water Co.

The franchise of the Denver Union Water Company expired in April 10, 1910. In 1907 the Council of the city of Denver passed an ordinance providing for a board of appraisers to be appointed to appraise the water property with the view of determining whether it would be advisable for the city to purchase the property or to grant a new 20-year franchise to the present company. The appraisers valued the physical property, the franchise, and the good will of the company as a going concern at $14,400,000.

The Denver Union Water Company controls through stock ownership the South Platte Reservoir and Irrigation Company and thereby controls practically the entire posible supply for the city of Denver. The bonded obligations are $2,400,000 First Mortgage 5s of the South Platte Canal and Reservoir Company bonds and $8,000,000 First Mortgage 5s of the Denver Union Water Company. At a special election in May, 1910, the City voted by a substantial majority not to grant a new franchise. By an error in the warrant the alternative question as to whether the city should purchase the plant was not voted upon. This is where the matter now stands. Naturally, the bondholders are not reassured by present developments, especially since the city now offers to purchase the plant for $7,000,000 of its own bonds.

Another point in relation to contracts and franchises invites comment. If the company's charter requires in so many words that the water served must be pure, there opens the question of interpretation. Purity, as applied to water, the commercial product, is a relative term. It is conceivable that some ill-wisher, with ends to serve, might cause a company considerable trouble on this score, if it was worth while.

Amortization.

When the franchises are perpetual there is not that great need of the gradual amortization of the debt which obtains if the privilege of doing business expires within a few years of the debt's maturity. Although water company property is subject to slower depreciation than steamship, timber, and equipment properties, yet amortization should not be neglected, for one cannot speak too strongly of the propriety of instituting sinking funds, or of serial repayment for the protection of bond issues of all public service corporations of whatever kind, and whatever conditions may obtain, respecting the standing of the company. If water bonds are not safe without them, no kind is.

It is for lack of sinking fund protection that the principal of the First Mortgage 6 per cent. bonds of the Escanaba (Michigan) Water Works Company, due on October 15, 1906, still remains unpaid, although interest at 5 and

6 per cent. is being irregularly paid and endorsed on the bonds. All this in the face of the fact that the net income for 1909 was reported as $23,458.26, and the average net income for the past nine years as $17,175.62, and that the company has recently expended $40,000 upon a filter plant. There is nothing but lack of inclination to prevent the bondholders from stepping in and operating the property. But the trouble and expense of this proceeding would have been rendered unnecessary by the establishment of an adequate sinking fund.

Water Bonds in Foreclosure.

This leads to another advantage which water bonds possess in the comparative simplicity of operating the plant. If the bondholders cannot obtain full satisfaction in foreclosure proceedings, they might do worse than run the plant themselves. What is quite impossible in railroading is very feasible in this case.

Viewed in all its aspects the purchase of the bonds of well-established water companies is to be encouraged, when convertibility is not essential to the investment. And even in convertibility they are superior to irrigation, steamship, timber, real estate, and some other kinds of issues. If water bonds are the best class of municipals, the bonds of private water companies are, with the possible exception of gas bonds, the best class of public service corporation securities.

THE RENASCENCE OF THE ERIE

THE TRANSFORMATION OF A GREAT SYSTEM AND HOW IT IS BEING ACCOMPLISHED

By Franklin Escher

EVERYBODY knows that the Erie is a railroad with a past. On account of the great improvements which are being made in the property a good many people know that it has a present. A few people realize that the road has a future—when the extent and importance of what is going on now in the way of improving the property is appreciated, their number will be multiplied.

The reorganization of 1895 marks sharply the division between the old Erie and the new. The old Erie was the time of Jay Gould, Dan Drew and their other confreres, whose operations have passed into history as have those of Capt. Kidd, Blackbeard and Drake. Those were the times, when, in order to evade the injunctions and court orders constantly hanging over the property, its offices were carried around in the capacious pockets of these gentlemen. The clanking of Jim Fiske's printing presses, out of which were being turned uncounted reams of Erie stock, have come down the years until the name of Erie and gross overcapitalization and mismanagement have become synonymous in many investors' minds. Early American railroad finance, replete as it was with picturesque happenings, had never seen anything like that before. Sincerely is it to be hoped that we shall never see anything like it again.

The New and the Old.

But between the old Erie and the new there is a great gulf fixed. During the early days one reorganization followed another, control of the road being shamelessly bandied about. But finally the right sort of people took hold of the property and reorganized it once and for all. That was in 1895, a year which, in the history of Erie, is like the Renaissance of old. Sweetness and light did not immediately follow the reformation in Europe, nor did marvelously efficient management mark the conduct of Erie's affairs immediately after its rebirth 15 years ago. At the same time, that was the beginning of a new state

of things—the dawn of a new era when mismanagement and waste were followed by the application of honest principles and efficiency, and when the valuable but misused property began to be worked into the great railroad which, through all its troubles, it has always been destined to become. No easy task did the new management find when they took over the property. Severe has been their handicap on account of the legacy of dishonesty and mismanagement to which they fell heir and with which they have had to contend. All the more creditable, therefore, are the results which they are finally beginning to be able to show.

Working Under Difficulties.

To realize what has been accomplished by the present management, it is necessary to understand the handicap under which it began its operations. In the first place, on account of the working overtime of the printing presses of Messrs. Gould, Fiske et al, the capitalization of the road had been swelled to marvelous proportions—at the time of the final reorganization noted, it is said that there were millions of dollars of stock outstanding of which no record whatever appeared on the books. In the second place, the physical condition of the road and the route over which it ran was a tremendous drawback. For in the good old days when the line was first projected, the route was chosen, not according to the shortest distances or the easiest grades, but rather with a view to running the road through the territory out of which the biggest subscriptions were to be obtained. An up-hill-and-down-dale road, therefore, was the Erie the time the present management took hold of it, badly planned in many places, and containing grades making anything like economical operations a physical impossibility.

Realignment.

Take, first, the physical side of the property. A glance at what has been done toward realignment and elimination of grades is all that is necessary to see that the present management understood that, at whatever cost, the root of the difficulty must be struck at. Three wonderful achievements mark the progress made. The first of these is the Guymard cut-off, by which the grades up around Port Jervis and Susquehanna were gone around. The second is the Genesee cut-off in the Western part of the State, by which the famous Cuba Hill and Tip Top grades have been cut out. The third is the open cut through Bergen Hill, just outside of Jersey City, by which the economic handling of traffic at the road's eastern terminal has been finally made possible.

Three Great Improvements.

It needed an abiding faith in the future of the property to undertake these improvements. The Guymard cut-off, particularly, will stand as a monument to the far-seeing policy inaugurated by President Underwood and his associates. Up the hills at Port Jervis, about 100 miles out of New York, the Erie had formerly had Mallet engines pushing and hauling on freight trains which, even at that, could never consist of more than 45 or 50 cars. Grades in some cases amounted to as much as 1 1-2 per cent. Right here was an obstacle which was the traffic man's despair, making utterly impossible the economic handling of traffic. With the road's route in that part of the country blocked by one ridge of mountains after another, it was realized by the efficient

traffic men who had taken hold of the property that the only thing to do was not to try to force a way across such mountain ranges but to go around them. The result was the so-called Guymard cut-off, a line actually longer than the section it replaces, but a cut-off in the sense that it makes the hauling of traffic an entirely different proposition over that 50 miles of line. Where the grade eastbound had been 1.26 per cent., it was reduced 2-10 per cent. Westbound, where the grade had been 1.12 per cent., it was cut down to 6-10 per cent. Stated in other words, where the most powerful engines in the world had been able at most to haul a train of 45 loaded cars, it was now made possible for locomotives of ordinary tractive capacity to pull a train of 85 or 90 cars. That was equivalent to cutting the expense of the thing just about in half.

Out in the Western part of the State very much the same sort of thing was accomplished by the building of the Genesee line around Cuba Hill. For years Erie's competitors had been laughing in their sleeves at the difficulties standing in the way of hauling through-traffic over a section of line where the grades reminded one of a scenic railway at an amusement resort. To get around these obstacles was a tremendously expensive operation and one which, on account of the contour of the ground, involved the most terrific engineering difficulties. With those in charge of the road, however, it was simply a question of must. Millions were poured into the Genesee line, and though for years it was a question as to whether it would be a success, that fact has now been demonstrated beyond question. Completion of the line, together with the Guymard improvement, means that the Erie has at last got a straight line across New York State, and, in point of grades, second to none.

In considering the various improvements made, the cut through Bergen Hill must also be taken into account. Through the tunnel all the traffic of the Erie, both passenger and freight, had formerly to go into Jersey City. Congestion, which was continually furnishing full pages of sport for the comic papers, was the inevitable result. Tie-ups and delays were the regular order of things. All that, however, belongs to the old Erie. The new condition of things is a four-track open cut running alongside of the tunnel, affording ample facility for the bringing in of all the traffic which Erie has or which it is likely to have for a good while to come.

The Financial Side.

From the above it will be seen that the physical improvement of the Erie during the past few years has been remarkable. Had it been possible to make equal strides in the road's financial position, the Erie would now be regarded very much more favorably than it is. The trouble, of course, is that, on account of the mismanagement of the property during the old days, capitalization became unduly inflated. It is hard to do anything with a road which is overcapitalized. The evil effect of such a condition extends into every phase of its operation. A road like Erie, capitalized very much higher than any of its competitors, operates at a tremendous disadvantage as compared with them.

The illustration of how this works is perhaps to be seen in the inadequacy of Erie's car shops and repair department. As shown in its last annual statement, it costs the Erie very much more to take care of its locomotives and other equipment than it does the Lehigh Valley or any of the other roads with which it competes. That, however, is only one illustration. With the money which the road earns largely paid out in bond interest (when it ought to be available to build car-shops and otherwise improve the property), the efficiency of the road, it is plain, cannot be developed as it ought to be. Considering how the managers of the road have been handicapped by this consideration, what they have accomplished is all the more remarkable.

Expensive Financing.

As a result of the small amount of cash available for working the property,

Erie has had to do some expensive financing during the past few years. The story of the maturity of a big lot of its notes early in 1908 and the way in which E. H. Harriman and the house of Morgan had to come to the relief of the property has now become financial history. Those notes, however, were not paid off. They were, so to speak, only extended. They come due next spring and will have to be taken care of. Because of that fact a good many people profess to be exceedingly dubious over the future of the road. Will these notes be taken care of at maturity or not?—answer to that may best be had by considering what happened three years ago. Earnings at that time were in a deplorable condition The panic had just passed and the whole financial world was aquiver as a result of the experience through which it had gone. Yet so great was confidence in the future of the Erie that strong financial interests were willing to come forward with the big sum of money of which it was so much in need. With earnings showing the improvement they do and the property in so much better shape from every point of view, can there be any doubt that this road, which was able to command the money it needed in the dark month of April of 1908, will be able to get whatever capital which it may need in April of 1911?

The Future of the Property.

The real question of Erie's future depends not upon whether it can meet its obligations as they mature, but, rather, upon the earnings of the property from now on. With gross earnings as they were last year and the year before, it has been shown that the present management can develop the property to a high state of efficiency. The question is, Will gross earnings continue to run as they have been running during the past couple of years?

That depends upon two things—in the first place, on the general state of business, and, in the second place, on the solidity of the progress which has been made in the road's operating efficiency. If business is to continue on anything like its present scale, it seems hard to see why Erie should not get its share—why, indeed, earnings should not gradually approximate the sixty-million mark. The second consideration, too, counts for a great deal. By all the cut-offs, great reductions and other improvements which have been brought about, it has been made possible for Erie to earn more out of a given amount of gross than at any time in its past history. A period of business prostration would, without doubt, hit the road severely and greatly retard its development, but with business conditions anything like normal, little doubt need be entertained of Erie's ability to take a satisfactory amount of net earnings out of a satisfactory amount of gross.

The regeneration of the old Erie has been a big up-hill fight. Obstacles numerous and difficult have had to be met and passed. From a condition of bankruptcy to a condition of high operating efficiency is a long distance. All that distance has not been covered, but many steps in the right direction have been made,—enough steps, indeed, to make most of those who have studied the new Erie think that it is a road not only with a big past but with a big future.

BUSINESS BAROMETERS

SIGNS OF THE TIMES AND HOW THEY CAN BE READ

By Keith Crandall

As a navigator gets his bearings from the sun and the stars and can tell his position to a dot on a thousand miles of trackless ocean, so the man who knows the signs in the financial sky can at any time take his observations and tell about where things stand. It has not always been so. Information regarding cardinal conditions by which the financial situation can be judged has always been available to those who knew where to find it, but it is only during the past ten years or so that this information has been put into such shape as to make it available for the average man's use. The ordinary reliable financial publication to-day contains not only facts and figures, but compilations which ten or twenty years ago could only have been obtained by the most painstaking labor.

Of the various "business barometers" which influence the alert man in the conduct of his affairs, the six most important are: First, the clearings of the banks all over the country; second, the banking position as shown in the quarterly Comptroller's Reports; third, the production of pig iron; fourth, the earnings of the railroads; fifth, the state of foreign trade; sixth, the condition of prices, as shown by the index numbers.

Clearings.

Because of the way in which bank clearings have come to be compiled in recent years and the way in which they show tendencies in various parts of the country, they have come to be regarded as one of the most accurate measures of the business pulse. The mere statement that total clearings in the United States rose or fell so-and-so-much, would, of course, indicate something of the state of business, but when it is considered that clearings in *various sections* of the country are now accurately to be had, it will appear that this barometer can be read with more than a mere view to the state of business as a whole. Speculation at any given point, such as New York or Chicago or New Orleans, might perhaps cause inordinate clearings, and strongly influence the statement as a whole, but with the figures given both for the principal cities of the country and for its most important sections, it is possible to take the statement, divide it up, and read from it the tendency in various parts of the country.

The Comptroller's Statements.

More complete than they have ever been before, the quarterly Comptroller's Statements on bank condition are making more and more of a claim on the attention of the man who runs his business on broad lines. To imagine that these statements are of interest to the banker only, is a great mistake. Of all the various indicators of the state of business, perhaps none affords to the business man a more introspective view into actual conditions than these Comptroller's statements.

Here again the country is divided up into sections, analysis of conditions in various parts of the country being thus made possible. Of the Comptroller's statement, the loan account is perhaps the most important item and the one from which the most can be read. Loans of the banks are, of course, a very faithful reflection of the demands upon credit. When loans are unduly expanded, it is a sure sign of strain.

Reference to the last few reports issued by the Comptroller of the Currency will show how the condition of business is reflected in the loan account of the banks. The item of cash, too, is of great importance, the proportion of reserves to liabilities affording a good means of judging the extent to which the banks are in a position to afford mercantile accommodation. A time

when bank loans all over the country are thoroughly extended and reserves are not particularly strong is certainly not a time when a boom in trade can reasonably be expected to begin. However commercial conditions might warrant a forward movement, the capital needed would be lacking, and such a movement would necessarily come to an untimely end before long. "Shall I borrow a lot of money and go ahead and extend the capacity of my plant?" Answer to that question in many a manufacturer's mind is provided by a study of the broad banking position.

Iron Production.

Iron production is the third of the great barometers. Compiled by the "Iron Age," and other trade publications, the figures showing the monthly make of pig iron reflect faithfully conditions prevailing in the steel trade. Here, again, reference to the way in which iron production has risen and fallen during the past few years will quickly show how closely the state of business is reflected in the iron made. With copper and other metals, important as are statistics of production, other conditions enter into consideration, and the case is entirely different. But with pig iron, there is no shifting back and forth across the ocean, no accumulation of supplies, no disguising of actual conditions. It costs too much money to make pig iron and let it lie. The bulk of the material is too great. Ordinarily, when pig iron production is on the increase it can be taken as a sign highly indicative of coming improvement in steel, and so a forerunner of better things to come in many other lines of trade.

Railroad Earnings.

While the business man is watching the various things spoken of above, he will do well, also, to keep his eye upon the compilations of railroad earnings offered by the leading financial publications. Isolated instances are not of much account, but when the earnings of a dozen or twenty roads are taken each month and compared with earnings for the month preceding, a pretty good line can be had upon the course of general business. For, to a remarkable extent, general business finds its reflection in earnings of the transportation companies. The matter is one which must, of course, be considered broadly and with full understanding of the fact that business conditions take several months to find their full reflection in railroad earnings; still in these statements of earnings there is to be found one of the most definite indicators possible of actual tendencies of business.

Foreign Trade.

Again, the state of our trade with the outside world must be given due consideration. Nothing creates capital like

an excess of exports. When we sell more than we buy in a foreign market, there is a direct cash gain of the difference, the capital supply of the country being increased by just so much. About the capital-producing effect of new crops, for instance, there is a good deal of discussion, but concerning this fact that a surplus of exports over imports means the creation of new buying power, there can be no two opinions. It makes no difference whether the capital thus gained is allowed to remain on the other side or is immediately recalled. It is a credit to our account and means additional buying power. Times when new buying power of this sort is being created are usually times of prosperous business.

Prices.

The sixth and last of the great barometers of industry are the index numbers showing the course of commodity prices. Bank clearings, railroad earnings and the other factors are more or less specialized indications, but when we take this matter of prices, we find the irrefutable evidence of things as they actually are. A high level of prices, for instance, means the tying up of large amounts of capital, whether or not that condition of things is shown in sectional or total statements of bank loans and clearings.

Made up as they are of the prices of practically all commodities, these index numbers are among the best of the indicators as to underlying conditions in the various markets. Through them, underlying conditions can be read as in no other way. Take a time, for instance, when the index number has reached a point such as it reached last January—the highest on record. In that circumstance, all kinds of trouble were presaged. Nor did it fail to come. Everything was bright at the time and the outlook exceedingly favorable, but to some far-seeing minds, the fact that prices were as high as they were, indicated that the promise for 1910 would not be followed by fulfillment. So indeed it turned out. Of what has happened since, the condition of prices as shown in the index number early this year was a remarkably faithful indicator—this, in fact, constituting a striking example of how the index number can at times be read to forecast the future.

THE CROPS AND THE COUNTRY

THE GREAT HARVEST OF 1910 AND ITS BEARING ON THE SITUATION

By E. Clinton Harper

THAT the crops turned out better this season than had been expected is well known, but it is doubtful if there is anything like general appreciation of the fact that the harvest of 1910 was absolutely the biggest and best and most valuable in the country's history. It is doubtful, too, if there is generally appreciated the importance of the influence of the great crop of 1910 on the situation.

Succession of big crops has made us feel as though a big harvest were to be expected each year. It is almost taken for granted that the marketing of eight or nine billion dollars' worth of produce will mark the closing of the year, and only too little attention is given to the influence of this great factor on the situation.

The crops always do mean a great deal to the business of the country, but this year they mean more than for a long while. We never really know how much we need a thing until we are deprived of its use. Back in the summer when it seemed as though the crops might be at least a partial failure, what they meant to the country was better appreciated.

Crops and Prices.

Because of the strain of the high cost of living, the influence of the crops on prices appeals most directly to the average investor. For the decline in prices which has taken place already in so many of the necessities of life, and which bids fair to go further, the great crops are primarily responsible. All sorts of theories may be advanced as to why prices have fallen, but after all, there is one great underlying reason. A crop of three billion bushels of corn means more live stock raised in the country than ever before, and consequently lower prices for meats and other farm products. The farmer sees it coming, he realizes that cheaper feed means more hogs and cattle and other live stock raised this season than ever before. Prices, he figures, are on the down track, and in order to take advantage of prices before they go down, he sells out what he is carrying for what he can get.

The Relief of Lower Prices.

Aside from the benefit of lower prices to the consumer, there is also to be considered the fact that lower prices mean betterment of banking conditions in the agricultural sections. In the first place, they are bound to put an end, or, at least, a check, to the speculation of land, and in the second place, they are bound to result in improvement of the banking situation. With prices falling, there is little disposition on the part of the farmer to get bank loans in order to carry along his product. On the contrary, he is more apt to hurry his produce to the market. The effect of this is naturally to lessen the strain on credit —something which is at the present time of the highest importance, not only to the banking situation in the agricultural sections, but to the whole country as well.

Effect on Earnings.

The second great influence of the crops is on railroad earnings. With so great a tonnage of merchandise offered them, the railroads are naturally able to show substantial increases in gross. Most of the produce of the farms, it must be remembered, has to be hauled a very long distance. Some of the wheat produced in the Northwest is consumed in Chicago and Minneapolis, but, after all, the great bulk of it is shipped clear across the country to the Eastern States for consumption. Similarly with the cotton grown in the South,—very little of it is used anywhere near where it is grown. Practically all of it has to be transported to the North for manufacture, the average haul running up to many hundred miles.

There must also be considered the tonnage originating from the merchandise which is bought with the proceeds of the crops. With prices lower, as they are, the buying power of the agricultural sections is, of course, lessened, but in spite of that fact, the big crops of this year mean a buying power sufficient to draw a huge amount of merchandise into the agricultural sections. All that, again, means tonnage for the railroads—increase in earnings, and the ability to buy the supplies and materials of which they are in need.

So closely is the prosperity of the railroads bound up with the prosperity of the country that the fact that big business is being done by the former cannot but be reflected most favorably on business all over the country. The steel business, for instance, generally regarded as the barometer of industry, is naturally stimulated to a great degree by railroad purchases, whenever the railroads are prosperous and have money to spend. It is not only the steel companies, however, which benefit. Into numerous affiliated industries the influence extends, the force of the railroads' buying making itself felt throughout the country. As a result, mills which would otherwise be idle are kept in full operation, and thousands employed who would otherwise be without employment.

As an Export Stimulus.

The third great influence of the crops bears upon our financial relationship with the outside markets. More

and more, as we become a manufacturing nation, agricultural exports are bound to fall off. At the same time, and in spite of the gain in population, which has largely increased domestic consumption, out of such crops as we raise, for years to come, there ought still to be available a great export surplus. This year, on account of the size of the corn crop, the very fair yield of wheat, and the high price of cotton, our agricultural exports seem almost certain to run very large.

In stimulating exports not only of agricultural but of other produce, the decline in prices is bound to have a big effect. For years, prices have been higher here than anywhere else, and this market has been a good one to which to sell. That really is the explanation of the tremendous increase of imports during the past two years. By the decline in prices which has taken place as a result of this year's big crops, that condition has been changed, at least to a certain degree. With regard to many articles, this is no longer the best market to which to sell, and, on the other hand, low prices have stimulated foreign buying where foreign buying would have otherwise been out of the question.

As a result of these developments, the foreign trade situation is measurably improved. We shall probably not see the great excess of exports of three years ago, but, at the same time, the balance of trade in our favor ought to run heavy enough to satisfy our international requirements. If this troublesome question shall thus be settled, it will be largely as a result of the 1910 crops, the biggest, the best and most favorable that the country has ever known.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to December 12, 1910.]

GOVERNMENT, STATE AND CITY BONDS.

Quoted by J. Hathaway Pope & Co., brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities, 67 Exchange pl., New York.

Name and Maturity.	Price.	Yield.
U. S. Gov., reg. 2, 1930	100¾-101¼	1.66
U. S. Gov., reg. 3s, 1918	102 -102½	2.60
Panama Canal, reg. 2s, 1936	100½-101	1.94
Dist. of Columbia 3-65s	105 -106	...
Alabama 4s, July, 1956	101 -104½	3.77
Colorada 4s, '22 (op. '12)	95 -100	4.00
Connecticut 3½s, Apr. '30	99 -102	3.37
Georgia 4½s, July 1915	104 -105	3.40
Louisiana 4s, Jan., 1914	96 -101	3.72
Massachusetts 3½s, 1940	94½- 95	3.75
New York State 3s, '59	101½-103	2.88
North Carolina 6s, Apr., '19	114½-116½	3.80
South Carolina 4½s, 1933	103 -104	4.22
Tenn. New Settlement 3s, '13	95½- 96½	4.40
Va. 6s, B. B. & Co.ctfs., 1871	40 - 45	...
Boston 3½s. 1929	95 - 96½	3.85
New York City 4½s, 1957	106¼-106½	4.10
New York City 4½s, 1917	102 -103	3.95
New York City 4s, 1959	98½- 99	4.06
New York City 4s, 1955	98 - 98½	4.05
New York City 3½s, 1954	86½- 87½	4.10
New York City 3½s. 1930	89½- 91	4.12
New York City rev. 6s, 1910	101 -101¾	1.30
Philadelphia 4s. Jan., 1938	100 -101½	3.95
St. Louis 4s, July. 1928	100 -101½	3.92

SHORT TERM SECURITIES.

Quoted by J. Hathaway Pope & Co.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity	Price.	Yield.
Am. Cig. 4s, "A" Mar. 15, '11	98½- 99¼	4.92
Am. Cig. 4s, "B" Mar. 15, '12	97½- 98¼	5.10
Am. Locomotive 5s, Oct., '10	99½-100½	4.25
Bethlehem Steel 6s, Nov., '14	97 - 98	6.20
"Big Four" 5s, June, '11	100 -100½	4.35
B. R. & P. Equip. 4½s	99 -100½	...
Chic. & Alton 5s, Mar. 15, '13	98¾- 99¼	5.25
C. H. & D. 4s, July, '13	96½- 97½	5.05
Diamond Match 5s, July, '12	98 -100	5.00
Hudson Co. 6s, Oct., '11	98 -100	6.00
Interboro 6s, May, '11	101¼-101¾	3.92
K. C. R. & L. 6s, Sept., '12	98 - 99	6.50
Maine Central 4s, Dec., '14	98 -100	4.25
Minn. & St. Louis 5s, Feb., '11	98¼- 99½	5.58
New Orl. Term. 5s, Apr., '11	99¼-100	3.45
N.Y.C. Equip. 5s, Nov., '10	100 -101½	4.15
N.Y.C. Equip. 5s, Nov., '14	102½-103½	4.15
N.Y.C. Equip. 5s, Nov., '16	103½-104¾	4.15
N.Y.C. Equip. 5s, Nov., '19	104¾-106½	4.15
N.Y.,N.H.&H. 5s, Jan., '11	100 -100½	3.70
N.Y.,N.H.&H. 5s, Jan., '12	100⅝-101	3.93
No. American 5s, May, '12	99 -100	5.00
St. L. & S. F. 4½s, Feb., '12	95¾- 96¼	6.00
Southern Ry. 5s, Feb., 1913	98 - 98½	5.45
Tidewater 6s, June, '13	100¾-101¼	5.35
Westinghouse 6s, Aug., '10	99¾-100½	4.25
Wood Worsted 4½s, Mar., '11	99½- ..	4.50
Western Tel. 5s, Feb., '12	99 - 99½	5.20

GUARANTEED STOCKS.

Quoted by J. Hathaway Pope & Co.

(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	270	300
Allegheny & West'n (B. R. I. & P)	135	145
Atlanta & Charlotte A. L. (So.R.R.)	180	...
Augusta & Savannah A. L. (Cen. of Ga.)	104	112
Beech Creek (N. Y. Central)	95	100
Boston & Lowell (B. & M.)	205	215
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	15	22
Boston & Albany (N.Y.Cen.)	218	221
Boston & Providence (Old Colony)	270	290
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	115	125
Brooklyn City R. R. (Bk. H. R. R. Co.)	165	170
Camden & Burlington Co. (Penn. R. R.)	140	150
Catawissa R. R. (Phila. & Read.)	112	120
Cayuga & Susquehanna (D.L.&W.)	215	...
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	15	25
Christopher & 10th St. R. R. Co. (M. S. R.)	75	85
Cleveland & Pittsburg (Pa. R. R.)	164	170
Cleveland & Pittsburg Betterment	93	100
Columbus & Xenia (Pa. R. R.)	200	215
Commercial Union (Com'l C. Co.)	100	110
Commercial Union of Me. (Com. C. Co.)	100	...
Concord & Montreal (B. & M.)	155	170
Concord & Portsmouth (B. & M.)	175	...
Conn. & Passumpsic (B. & L.)	130	135
Conn. River (B. & M.)	260	270
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila. & R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	95	100
East Pa. (Phila. & Reading)	135	...
Eighth Av. St. R. R. (M. S. R. Co.)	200	300
Elmira & Williamsport pfd. (Nor. Cen.)	135	140
Erie & Kalamazoo (J. S. & S.)	220	240
Erie & Pittsburg (Penn. R. R.)	135	...
Franklin Tel. Co. (West. Union)	40	50
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	125	135
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	252	262
Gold & Stock Tel. Co. (W. U.)	100	110
Grand River Valley (Mich. Cent.)	120	...
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	90	100
Illinois Cen. Leased Lines (Ill. Cen.)	95	100
Jackson, Lans. & Saginaw (M. C.)	84	90
Joliet & Chicago (Chic. & Al.)	164	172
Kalamazoo, Al. & G. Rapids (L. S. & S.)	135	...
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	65	75
K. C. St. L. & C. pfd. (Chic. & Al.)	125	140
Lake Shore Special (Mich S. & N. Ind.)	330	360
Little Miami (Penn. R. R.)	205	215
Little Schuylkill Nav. & Coal (Phil. & R.)	115	120
Louisiana & Mo. Riv. (Chic. & Atl.)	160	170
Mine Hill & Schuylkill Hav. (F. & R.)	120	126
Mobile & Birmingham pfd. 4% (So. Ry.)	68	76
Mobile & Ohio (So. Ry.)	75	85
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	173	180
Nashville & Decatur (L. & N.)	185	192
N. H. & Northampton (N. Y., N. H. & H.)	100	...
N J. Transportation Co. (Pa.R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd (L. I. R. R.)	107	118
N. Y. & Harlam (N. Y. Central)	300	...
N. Y. L. & Western (D. L. & W.)	120	125
Ninth Av. R. R. Co. (M. St. Ry. Co.)	150	180
North Carolina R. R. (So. Ry.)	156	164
North Pennsylvania (Phila. & R.)	196	...
North. R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)	105	112
Nor. & Wor. pfd (N.Y.,N.H.&H.)	208	...
Ogden Min. R.R. (Cen.R.R.ofN.J.)	95	105
Old Colony (N.Y.,N.H.&H.)	180	...
Oswego & Syracuse (D. L. & W.)	215	225
Pacific & Atlantic Tel. (W. U.)	60	...
Peoria & Bureau Val. (C.R.I.&P.)	175	185
Philadelphia & Trenton (Pa.R.R.)	248	...
Pitts. B. & L. (P. L. E. & C. Co.)	32	35
Pitts. Ft. Wayne & Chic. (Pa.R.R.)	166	...
Pitts., Ft. Wayne & Chic. special (Pa. R. R.)	155	165
Pitts. & North Adams (B. & A.)	127	134
Pitts., McW'port & Y. (P. & L. E. M. S.)	117	125
Providence & Worcester (N. Y., N. H. & H.)	260	300
Rensselaer & Saratoga (D. & H.)	195	...
Rome, Watertown & O. N.Y.Cen.)	120	...
Rome, Watertown & O. (N.Y.Cen.)	118	120
Saratoga & Schenectady (D. & H.)	166	175
Second Av. St. R. R. (M. S. R. Co.)	10	20
Southern Atlantic Tel. (W. U.)	80	100
Sixth Av. R. R. (Met. S. R. Co.)	115	130
Southwestern R. R. (Cent. of Ga.)	100	110
Troy & Greenbush (N. Y. Cent.)	165	...
Twenty-third St. R. R. (M. S. R.)	190	220
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	166	176
Utica, Chen. & Susqueh. (D. L. & W.)	144	155
United N. J. & Canal Co. (Pa.R.R.)	241	248
Valley of New York (D., L. & W.)	122	130
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (D., L. & W.)	168	175

INACTIVE RAILROAD STOCKS.

Quoted by J. Hathaway Pope & Co.

	Bid.	Asked.
Ann Arbor, pref	65	72
Arkansas, Oklahoma & Western—	4	9
Atlanta & West Point	132	...
Atlantic Coast Line of Conn	230	250
Buffalo & Susquehanna, pref	10	12
Central New England	10	15
Central New England, pref	20	27
Chicago, Bur. & Quincy	210	230
Chicago, Indianapolis & Louisville	50	60
Chicago, Ind. & Louisville, pref	60	75
Cincinnati, Hamilton & Dayton	35	50
Cincinnati, Ham. & Dayton, pref	65	70
Cincin., N. O. & Tex. Pac	130	140
Cincin., N. O. & Tex. Pac., pref	102	106
Cincinnati Northern	50	60
Cleveland, Akron & Columbus	70	84
Cleve., Cin., Chic. & St. L., pref	98	110
Delaware	42	46
Des Moines & Ft. Dodge, pref	..	70
Detroit & Mackinac	75	85
Detroit & Mackinac, pref	90	100
Grand Rapids & Indiana	40	50
Georgia, South & Florida	30	40
Georgia, South & Florida 1st pref	90	95
Georgia, South & Florida, 2d pref	70	75
Huntington & Broad Top	6	9
Huntington & Broad Top, pref	20	30
Kansas City, Mexico & Orient	15	18
Kansas City, Mex. & Orient, pref	20	25
Louisville, Henderson & St. Louis	12	18
Louisville, Hend. & St. L., pref	30	37
Maine Central	205	...
Maryland & Pennsylvania	15	24
Michigan Central	155	175
Mississippi Central	30	35
Northern Central, new ctfs	200	...
Pitts., Cin., Chic. & St. L., pref	101	112
Pittsburg & Lake Erie	296	...
Pittsburg, Shawmut & Northern	1	...
Pere Marquette	24	35
Pere Marquette, 1st pref	45	58
Pere Marquette, 2d pref	30	40
St. Louis, Rocky Mt. & Pac., pref	..	40
Seaboard 1st pref	70	75
Seaboard 2d pref	39	43
Spokane & Inland Empire	30	50
Spokane & Inland Empire, pref	50	70
Virginian	18	25
Vandalia	80	84
Williamsport & North Branch	1	4

EQUIPMENT BONDS.

Quoted by Blake & Reeves, dealers in investment securities, 34 Pine st., New York.

Quotations are given in basis.

	Bid.	Asked.
Atl. Coast Line 4%, Mar., '17	4¾	4½
Buff., Roch. & Pitts. 4½%, Apr., '27	4⅝	4⅝
Canadian Northern 4½%, Sept., '19	5½	5
Central of Georgia 4½%, July, '16	5	4½
Central of N. J. 4%, Apr., '13	4⅝	4¼
Ches. & Ohio 4%, Oct., '16	5	4½
Chic. & Alton 4%, June, '16	5½	5
Chic. & Alton 4½%, Nov., '18	5½	5
Chic., R. I. & Pac. 4½%, Feb., '17	5⅝	4¾
Den. & Rio Grande 5%, Mar., '11	5¼	4¾
Del. & Hud. 4½%, July, '22	4¼	4½
Erie 4%, Dec., '11	6	5
Erie 4%, June, '13	6	5
Erie 4%, Dec., '14	6	5
Erie 4%, Dec., '15	6	5
Erie 4%, June, '16	6	5
N. Y. Cent. 5%, Nov., '11	4⅝	4½
N. Y. Cent. 5%, Nov., '13	4⅝	4¼
No. West 4%, Mar., '17	4¾	4⅝
Pennsylvania 4%, Nov., '14	4½	4¼
Seaboard Air Line 5%, June, '11	6	5
So. Ry. 4½%, Series E, June, '14	5½	4¾

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

Quoted by S. H. P. Pell & Co., Members New York Stock Exchange, Brokers and Dealers in Investment Securities, 43 Exchange Place, New York City.

			Bid.	Asked.
Bleecker St & Ful Fy 1st 4s	1950	J & J	50	60
Bway Surf Ry 1st 5s	1924	J & J	102	105
Bway & 7th Av stock		....	116	135
Bway & 7th Av Con 5s	1943	J&J	97	100
Bway & 7th Av 2d 5s	1914	J&N	98	100
Col & 9th Av 1st 5s	1993	M&S	96	99
Christopher & 10th St		QJ	85	100
Dry Dk E B & Bat 5s	1932	J&D	96½	100
Dry Dock E B & Bat Ctfs 5s	1914	F&A	38½	48½
42d St M & St N Av 6s	1910	M&S	98	100½
Lex Av & Pav Fy 5s	1922	M&S	96	99
Second Av Ry stock		....	7	14½
Second Av Ry 1st 5s	1909	M&N	97½	99
Second Av Ry Cons 5s	1948	F&A	55	67
Sixth Av Ry stock		....	115	125
South Ferry Ry 1st 5s	1919	A&O	85	92
Tarryt'n W P & M 5s	1928	M&S	70	80
Union Ry 1st 5s	1942	F&A	100	102
Westchester El Ry 5s	1943	J&J	67	75
Yonkers Ry 1st 5s	1946	A&O	75	85
New Amst Gas Cons 5s	1927	J&J	101½	102½
Central Union Gas 5s	1927	M&S	102	103
Equitable Gas Light 5s	1948	J&J	99	101
N Y & E R Gas 1st 5s	1944	J&J	102	105
N Y & E R Gas Con 5s	1945	J&J	98	100
Northern Union Gas 5s	1927	M&N	99	101
Standard Gas Light 5s	1930	M&N	102	106
Westchester Light 5s	1950	J&D	100½	103
Brooklyn Ferry Gen 5s	1943	....	15	24
Hoboken Fy 1st mtg 5s	1946	M&N	103	107
NY & Bkn Fy 1st Mt 6s	1911	J&J	90	96
NY & Hobok Fy Gen 5s	1946	J&D	96	99
NY & East River Fy		QM	20	28
10th & 23d St Ferry		A&O	30	40
10th & 23d St Fy 1st 5s	1919	J&D	65	75
Union Ferry		QJ	27	30
Union Ferry 1st 5s	1920	M&N	96	100

COAL BONDS.

Quoted by Frederick H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944	65	73
Cahaba Coal Min. Co. 1st 6s, 1922	105	110
Clearfield Bitum Coal 1st 4s, 1940	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	83	85
Continental Coal 1st 5s, 1952	95	100
Fairmount Coal 1st 5s, 1931	94	97
Kanawha & Hocking Coal & Coke 1st Sinking Funds 5s, 1951	99	101
Monongahela River Con. Coal & Coll. Tr. 5s, 1947	95	97
New Mexico Railway & Coal 1st & Coll Tr. 5s, 1947	95	97
New Mexico Railway & Coal Con. & Coll. Tr. 5s, 1951	94	96½
O'Gara Coal Co. 1st 5s, Sept., 1955	70	80
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954	106	110
Pleasant Val. Coal Co., 1st 5s, 1928	88	90
Pocohontas Consol. Collieries 1st 5s, 1957	80	85
Somerset Coal Co. 1st 5s, 1932	108	110
Sunday Creek Co. Coll. Tr. 5s, 1944	64	67
Vandalia Coal 1st 5s, 1930	100	...
Victor Fuel 1st 5s, 1953	85	87
Webster Coal & Coke 1st 5s, 1942	78	82
West End Coll. 1st 5s, 1913	95	...

ACTIVE BONDS.

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	101	102¼
Amer. Steel Foundries 4s, 1923	69	71
Amer. Steel Foundries 6s, 1935	100	102
Balt. & Ohio, Southwest. Div. 3½s	90½	91
Bethlehem Steel 5s	86	86¼
Chi., Burlington & Quincy Gen. 4s	97	97¼
Chi., Burl. & Quincy Ill. Div. 4s	99¾	100½
Chi., Burl. & Quincy Ill. Div. 3½s	87½	90½
Cin., Hamilton & Dayton 4s	97¼	97¾
Denver & Rio Grande Ref'ng 5s	86	91
Louis. & Nashville unified 4s	98	98½
Mason City & Ft. Dodge 4s	83	84
Norfolk & West. Divisionals 4s	92¼	93
Savannah, Florida & Western 6s	122½	126
Va. Carolina Chem. 1st 5s	99½	100½
Western Maryland 4s	86	86½
Wheeling & Lake Erie cons. 4s	82½	83
Wis. Central, Superior & Duluth 4s	91½	92½
Western Pacific 5s	91	92

POWER COMPANY BONDS.

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & El. Co. Com.	37	39
Bonds, 6%, due 1932 (Int.)	93	97
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com. stk. div.)	74	79
Guanajuato Power & El. Co. Com.	34	39
Arizona Power Co., bonds 6% due 1933	84	...
Arizona Power Co. pref.	50	55
Arizona Power Co. com.	24	27
Great Western Power Co. bonds, 5%, due 1946	83	87
Western Power Co. pref.	63	64
Western Power Co., com.	40	41
Mobile Elec. Co. bds., 5%, due 1946	..	88
Mobile Electric Co., pref., 7%	80	...
Mobile Electric Co., com.	25	30
Amer. Power & Lt. Co., pref., 6%	79	80
Amer. Power & Lt. Co. com.	48½	50

FOREIGN GOVERNMENT AND MUNICIPAL BONDS.

Reported by Zimmermann & Forshay, 9 Wall Street, New York.

	Bid.	Asked.
German Govt. 3½s	91¾	92¾
German Govt. 3s	83	84
Prussian Consols 4s	101½	102½
Bavarian Govt. 4s	100½	101½
Hessian Govt. 3½s	90½	91½
Saxony Govt. 3s	82¼	83¼
Hamburg Govt. 3s	81	82

	Bid.	Asked.
City of Berlin 4s	99¾	100¾
City of Cologne 4s	100	101
City of Augsburg 4s	99¼	100¼
City of Munich 4s	99½	100½
City of Frankfurt 3½s	92	93
City of Vienna 4s	95½	96½
Mexican Govt. 5s	98½	99½
Russian Govt. 4s	97¼	98¼
French Rente 3s	97¼	98¼
British Consols 2½s	78¼	79¼

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., brokers and dealers in miscellaneous securities, 33 Wall Street, New York.

	Bid.	Asked.
Adams Express	235	250
American Brass	120	125
American Chicle Com.	220	227
American Chicle Pfd.	100	104
American Coal Products	99	102
American District Tel. of N. J.	48	53
American Express	225	240
American Gas & Electric Com.	49	52
American Gas & Electric Pfd.	40	43
American Light & Traction Com.	286	291
American Light & Traction Pfd.	101½	103½
Babcock & Wilcox	97	102
Bordens Condensed Milk Com.	118	122
Bordens Condensed Milk Pfd.	105	108
Bush Terminal	95	100
Childs Restaurant Co. Com.	142	...
Childs Restaurant Co. Pfd.	106	110
Cripple Creek Central Com.	20	27
Cripple Creek Central Pfd.	43	48
Del., Lack. & Western Coal	215	225
Du Pont Powder Com.	141	146
Du Pont Powder Pfd.	82	84
E. W. Bliss Com.	120	130
E. W. Bliss Pfd.	125	135
Hudson & Manhattan Com.	20	23
International Nickel Com.	147	157
International Nickel Pfd.	90	93
International Silver Pfd.	108	110
Kings Co. E. L. & P.	120	125
Otis Elevator Com.	48	51
Otis Elevator Pfd.	95	98
Pacific Gas & Electric Com.	68	70
Pacific Gas & Electric Pfd.	87	89
Phelps, Dodge & Co.	205	220
Pope Manufacturing Com.	55	60
Pope Manufacturing Pfd.	73	78
Producers Oil	145	150
Royal Baking Powder Com.	183	188
Royal Baking Powder Pfd.	104	107
Safety Car Heating & Lighting	125	128
Sen Sen Chiclet	138	142
Singer Manufacturing	335	350
Standard Coupler Com.	35	45
Texas & Pacific Coal	97	100
Tri-City Railway & Light Com.	29	30
Tri-City Railway & Light Pfd.	93	95
U. S. Express	93	98
U. S. Motors Com.	41	46
U. S. Motors Pfd.	65	70
Union Typewriter Com.	49	52
Underwood Typewriter Pfd.	99½	101½
Underwood Typewriter Com.	60	63
Virginian Railway	20	30
Wells Fargo Express	147	154
Western Pacific	17	21
Western Power Com.	40	42
Western Power Pfd.	64½	67½
Worthington Pump Pfd.	103	108

BANK AND TRUST COMPANY STOCKS

NEW YORK BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 42 Broadway, New York.

	Div. Rate.	Bid.	Asked.
Aetna National Bank	8	175	...
Amer. Exchange Nat. Bk.	10	230	240
Audubon Bank	..	115	125
Bank of America	26	590	...
Bank of the Manhattan Co.	12	320	335
Bank of the Metropolis	16	380	410
Bank of N. Y., N. B. A.	14	315	325
Bank of Washington Hts.	8	280	...
Battery Park Nat. Bank	...	125	...
Bowery Bank	12	380	...
Bronx Borough Bank	20	300	...
Bryant Park Bank	..	155	165
Century Bank	6	160	175
Chase National Bank	6	425	440
Chatham National Bank	16	300	325
Chelsea Exchange Bank	8	200	...
Chemical National Bank	15	425	435
Citizens Central Nat. Bk.	6	145	155
Coal & Iron Nat. Bank	6	150	...
Colonial Bank	10	400	...
Columbia Bank	12	350	400
Corn Exchange Bank	16	312	320
East River Nat. Bank	6	100	120
Fidelity Bank	6	165	175
Fifth Avenue Bank	100	4000	4500
Fifth National Bank	12	300	...
First National Bank	32	835	860
Fourteenth Street Bank	6	150	160
Fourth National Bank	8	190	195
Gallatin National Bank	14	330	340
Garfield National Bank	12	300	...
German-American Bank	6	140	150
German Exchange Bank	20	460	...
Germania Bank	25	500	...
Gotham National Bank	..	150	...
Greenwich Bank	10	250	260
Hanover National Bank	16	600	630
Importers' & Traders Nat. Bank	24	560	570
Irving Nat. Exchange Bk.	8	200	210
Jefferson Bank	10	...	175
Liberty National Bank	20	600	...
Lincoln National Bank	10	400	430
Market & Fulton Nat. Bk.	12	250	...
Mechanics & Metals Nat. Bank	12	245	250
Merchants' Nat. Bank	7	177	...
Merchants' Ex. Nat. Bk.	6	160	...
Merchants' Nat. Bank	7	175	...
Metropolitan Bank	8	200	208
Mount Morris Bank	10	250	...
Mutual Bank	8	270	300
Nassau Bank	8	240	...
Nat. Bk. of Commerce	8	200	205
Nat. Butchers & Drovers	6	135	145
National City Bank	10	380	388
National Park Bank	16	350	355
National Reserve Bank	6	100	...
New Netherlands' Bank	5	210	...
N. Y. County Nat. Bank	40	950	...
New York Bkg. Assn.	14	310	325
N. Y. Produce Ex. Bank	8	160	170
Night & Day Bank	..	...	225
Nineteenth Ward Bank	..	245	255
Northern Bank	6	...	105
Pacific Bank	8	230	240
People's Bank	10	250	280
Phenix National Bank	8	185	200
Plaza Bank	20	600	...
Seaboard National Bank	12	400	...
Second National Bank	12	400	...
Sherman National Bank	..	125	...
State Bank	10	275	300
Twelfth Ward Bank	..	...	140
Twenty-Third Ward Bk.	6	185	...
Union Ex. Nat. Bank	8	170	...
Washington Heights Bank	..	275	...
West Side Bank	12	600	...
Yorkville Bank	20	525	...

NEW YORK TRUST COMPANY STOCKS.

	Div. Rate.	Bid.	Asked.
Astor Trust Co.	8	320	330
Bankers' Trust Co.	16	630	650
Broadway Trust Co.	6	140	150
Brooklyn Trust Co.	20	435	...
Central Trust Co.	45	1015	1035
Central Trust Co.	45	1000	...
Columbia Trust Co.	8	270	...
Commercial Trust Co.	..	115	...
Empire Trust Co.	10	300	310
Equitable Trust Co.	24	455	470
Farmers' Loan & Trust Co. (par $25)	50	1625	1675
Fidelity Trust Co.	6	210	...
Franklin Trust Co.	8	...	220
Franklin Trust Co.	8	210	220
Fulton Trust Co.	10	290	...
Guaranty Trust Co.	32	800	810
Guardian Trust Co.	..	...	165
Hamilton Trust Co.	12	270	...
Home Trust Co.	4	105	...
Hudson Trust Co.	6	150	175
International Bank'g Corp.	..	90	105
Kings Co. Trust Co.	16	500	...
Knickerbocker Trust Co.	12	300	305
Lawyers' Title Insurance & Trust Co.	12	255	260
Lawyers' Mortgage Co.	12	240	250
Lincoln Trust Co.	..	...	140
Long Isl. Loan & Trust Co.	12	300	...
Madison Trust Co.	..	...	210
Manhattan Trust Co. (par $30)	12	375	...
Mercantile Trust Co.	30	725	...
Metropolitan Trust Co.	24	...	515
Mutual Alliance Trust Co.	..	115	130
Nassau Trust Co.	8	175	...
National Surety Co.	8	250	265
N. Y. Life Ins. & Trust Co.	45	1100	...
N. Y. Mtg. & Security Co.	12	195	205
New York Trust Co.	32	625	650
People's Trust Co.	12	285	...
Queens Co. Trust Co.	..	115	125
Savoy Trust Co.	..	90	105
Standard Trust Co.	16	...	400
Title Guar. & Trust Co.	20	495	510
Trust Co. of America	10	320	330
Union Trust Co.	50	1275	1300
U. S. Mtg. & Trust Co.	24	475	...
United States Trust Co.	50	1175	1190
Van Norden Trust Co.	..	...	210
Washington Trust Co.	12	370	...
Williamsburg Trust Co.	..	80	100
Windsor Trust Co.	6	...	125

BOSTON BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 60 Congress St., Boston.

Name.	Div. Rate.	Last Sale.
Atlantic National Bank	6	151¼
Boylston National Bank	4	102½
Commercial National Bank	6	140
Eliot National Bank	8	225
First National Bank	12	400
First Ward Bank	8	186
Fourth National Bank	7	173
Merchants National Bank	10	254
Metropolitan National Bank	6	122
National Bank of Commerce	6	173½
National Market Bank, Brighton	6	116
Nat. Rockland Bank, Roxbury	8	167
National Shawmut Bank	10	375
National Union Bank	7	196
National Security Bank	12	*
New England National Bank	6	152
Old Boston National Bank	5	124¾
People's National Bank, Roxbury	5	122
Second National Bank	10	265¾
South End National Bank	5	104½
State National Bank	7	170
Webster & Atlas National Bank	7	173
Winthrop National Bank	10	325

* No public sales.

BOSTON TRUST COMPANIES.

Name.	Div. Rate.	Last Sale.
American Trust Co.	8	325
Bay State Trust Co.	7	*
Beacon Trust Co.	8	185
Boston Safe D. & T. Co.	14	369
City Trust Co.	12	453
Columbia Trust Co.	5	120
Commonwealth Trust Co.	6	200
Dorchester Trust Co.	5	105
Exchange Trust Co.	..	...
Federal Trust Co.	6	138
International Trust Co.	16	400
Liberty Trust Co.	5	...
Mattapan D. & T. Co.	6	201
Mechanics Trust Co.	6	110
New England Trust Co.	15	325
Old Colony Trust Co.	20	700
Puritan Trust Co.	8	200
State Street Trust Co.	8	*
United States Trust Co.	16	225

* No public sales.

CHICAGO STATE BANKS.

	Div. Rate.	Bid.	Asked.
Ashland Exchange Bank	..	...	110
Austin State Bank	10	280	...
Central Trust Co.	7	164	168
Chicago City Bank	10	174	180
Chicago Savings Bank	6	144	150
Citizens Trust Co.	4	125	...
Colonial Tr. & Sav. Bank	10	180	185
Drexel State Bank	6	...	151
Drovers Tr. & Sav. Bank	8	175	180
Englewood State Bank	6	118	123
Farwell Trust Co.	6	120	125
Hibernian Banking Assn.	8	213	216
Illinois Tr. & Sav. Bank	20	498	505
Kaspar State Bank	10	250	...
Kenwood Tr. & Sav. Bk.	7	135	140
Lake View Tr. & Sav. Bk.	5	140	145
Merchants Loan & Tr. Co.	12	423	435
Metropolitan Tr. & Sav. Bk	6	119	123
Northern Trust Co.	8	314	318
North Avenue State Bank	6	138	142
North Side State Bank	6	135	...
Northwest State Bank	4	117	120
Northwestern Tr. & Sav. Bk.	6	137	142
Oak Park Tr. & Sav. Bank	..	308	312
Peoples Stock Yards State Bank	10	200	...
Prairie State	6	250	...
Pullman Loan & Tr. Bank	8	160	165
Railway Exchange Bank	4	125	...
Security Bank	6	178	185
Sheridan Tr. & Sav. Bank	6	110	112
South Side State Bank	..	140	150
State Bank of Chicago	12	340	...
State Bank, Evanston	10	290	...
Stockmen's Trust Co.	5	115	118
Stock Yards Savings Bank	8	...	215
Union Bank	6	134	138
Union Trust Co.	8	275	...
Wendell State Bank	..	110	...
West Side Tr. & Sav. Bank	..	175	...
Western Trust	6	145	150
Wilmette Ex. State Bank	..	110	115
Woodlawn Trust	8	136	142

CHICAGO NATIONAL BANK STOCKS.

Reported by Hornblower & Weeks, members New York and Boston Stock Exchanges, 152 Monroe St., Chicago.

	Div. Rate.	Bid.	Asked.
Calumet National Bank	6	150	...
City National, Evanston	12	300	...
Corn Exchange Nat. Bank	16	415	420
Drovers Deposit Nat. Bank	10	220	225
First National Bank	16	425	428
National Produce Bank	4	145	150
First Nat. Bk. of Englewood	10	250	...
Fort Dearborn Nat. Bank	8	170	180
Live Stock Exchange Nat. Bank	10	230	235
Monroe National Bank	4	130	135
Nat. Bank of the Republic	8	190	198
National City Bank	6	218	221

A CONTRIBUTOR TO OUR INDUSTRIAL SUPREMACY

WORLD-WIDE OPERATIONS OF J. G. WHITE & COMPANY, INC., AND ASSOCIATED COMPANIES

THE remarkable advancement made along engineering lines during the past fifty years has never been more apparent than at the present time.

All about us magnificent buildings are springing out of the ground, as if by magic—monuments to the skill of the designers and builders. With the extensive use of concrete and steel, it seems as if all things have become possible. Nature's gigantic forces have been harnessed to do man's bidding; our cities teem with sky-scrapers that look down over areas honey-combed with underground railways, and the surface of our waterways is churned by every conceivable kind of power-craft. Each new achievement means not only the expenditure of brain-force and the exercise of muscular power, but it presents also the financial aspect; without money men would never have robbed Niagara of its power or built lofty buildings or tunneled the earth or tracked the oceans. Is it not clear then that upon the coöperation of labor and capital depend the future growth and development of our country?

J. G. WHITE

And so it has come about that a great organization like J. G. White and Company, Inc., of New York, allied with J. G. White and Company, Ltd., of London, and the

LIVERPOOL COTTON EXCHANGE

Waring-White Company, Ltd., also of London, has the confidence and support of bankers both here and abroad. These associated companies are engineers and contractors for enterprises around the world. In the United States, down in Mexico, South America, over in the Phillipines, Australia, and New Zealand, one can find evidences of their skill. Then on into India, and up through the continent of Europe one might follow them, "at work around the world."

American brains and American dollars! On this world-wide scale they produce electric railways, steam railroads, electric light and power plants, electrical transmission and distribution systems, building construction, water-power developments, irrigation works, harbor works, water works, gas-lighting plants, and industrial plants. And

FREDERIC H. REED
FIRST VICE-PRESIDENT

LORING N. FARNUM
SECOND VICE-PRESIDENT

RUSSELL B. MARCHANT
TREASURER

H. S. COLLETTE
SECRETARY

PORTRAITS BY OLIVER LIPPINCOTT, N. Y.

ORIGINAL LINE WITH SHARP CURVES

they not only construct but they also use their splendid organization to investigate conditions and map out work for others. Their engineers and business specialists report on steam railroads, electric light and power plants, etc., in all parts of the world for trust companies, bankers, and investors. A man or an institution with a project, no matter where the territory lies, may consult this company and have his business properly handled.

It is a notable service these companies perform, something unique in the annals of business. Others build, but they do more. In an advisory capacity, they can offer the services of a corps of experts, send them to any part of the world and there establish a base of operations.

Twenty years of progress lie behind the White companies. In that time the machinery of their wonderful organization has been set in motion in behalf of well-known

RECONSTRUCTED LINE
AN EXAMPLE OF TRACK-STRAIGHTENING

TRACK-CONSTRUCTION WORK IN BOURNEMOUTH, ENGLAND

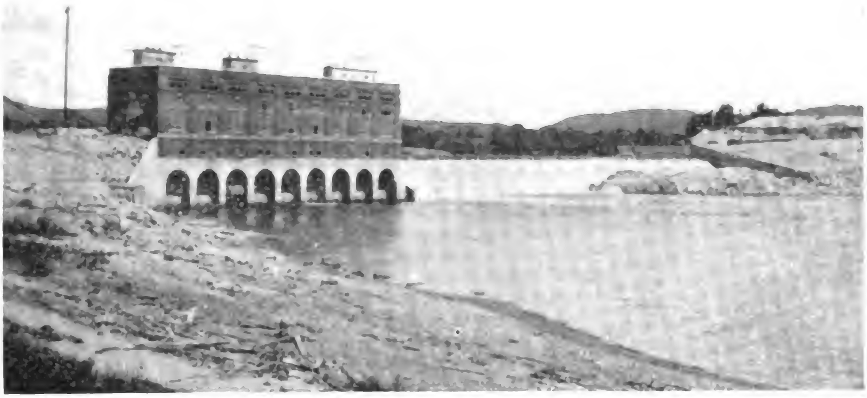
banking houses, railway systems, public service corporations, and State and Federal Governments.

And not only have they advised as to new projects, but they have investigated and reported on public-service properties in actual operation. Their reports on engineering, financial and franchise conditions combine facts and suggestions. They go still farther and through the medium of a special department operate the corporations themselves. They reorganize and put on a paying basis properties that have through poor management failed to pay, and they operate these on the basis of percentage of net earnings, or net increase of earnings, or other equitable arrangements which the owners care to make. Such are the activities of the White companies, often spoken of as the corporation with a soul. But they would never have been able to provide this service had they not first shown themselves successful engineers; their reputation was established before they entered the field of investment where other people's money was at stake. In this they might well be imitated by corporations of various kinds.

The White companies, for all their impressive sweep, have not a romantic history. It is rather the plain, unvarnished record of careful preparation, attention and satisfactory results, of work well done. In this the steady progress of the companies has been like that of their founder and president, Mr. J. G. White. That gentleman, quiet and unassuming in his demeanor, has risen with no blare of trumpets, yet to-day, forty-eight years old, he stands at the head of these great companies.

He was born in Milroy, Pennsylvania, the son of a Presbyterian minister. At the age of sixteen he enrolled as a student in the Pennsylvania State College, securing the de-

TURBINE PLANT OF TWENTY THOUSAND KILOWATTS ULTIMATE CAPACITY, WASHINGTON, D. C.



HYDRO-ELECTRIC POWER-HOUSE ON THE CONNECTICUT RIVER

gree of A. B. in 1882. The significance of Mr. White's education is the way in which he combined practice with theory. The summer vacations were spent in the performance of civil engineering work for an iron company; the remaining months of the years that followed Mr. White applied to study in Lehigh and Cornell Universities. Until he secured his Ph.D. in 1885, he used every opportunity to learn the practical part of construction. Then he went to the University of Nebraska as instructor in physics and incidentally found time to review carefully during the next two years the work of his college career. Certainly his preparation was thorough.

HYDRO-ELECTRIC PLANT CAPABLE OF DEVELOPING 20,000 HORSEPOWER

Then in 1887, Mr. White, twenty-six years of age, began his active career. He was earning at that time $1,000 a year, the same salary his father received as a clergyman. While in the West, Mr. White and three other young men, invested in a Nebraska farm and sold it a few months later at a profit of $30,000. Mr. White put his share of the profits into the Western Engineering Company, a young concern that grew rapidly. When it was bought out by the Edison United Manufacturing Company, Mr. White came to New York as head of the department of electrical railway installation. He had drawn a salary of sixty dollars a month with the young company. Now he was to have a larger salary and commissions on new business. The first month he earned $22,000 in commissions, and naturally protests arose. The upshot of it all was that Mr. White withdrew and in 1890 organized the firm of J. G. White and Company to carry on an engineering and contracting business.

The new concern prospered and in 1900 the London companies were organized. With the invasion of England, Mr. White and his fellow-workers brought about there a revolution in building construction; they

LAYING TEMPORARY TRACK FOR TRAMWAY LINE IN THE CITY OF BUENOS AYRES

introduced the steel structure. As the London "Financial Times" has said:

"Mr. White left an unmistakable impress of his activity on the country in such large and handsome buildings as the 'Morning Post' office in the Strand, The Waldorf Hotel, Selfridge's Stores, the Liverpool Cotton Exchange, and the Lancaster Town Hall."

The company organized twenty years ago

TYPE OF TROLLEY CAR SEEN IN BUENOS AYRES

IRRIGATION DAM THAT, COMPLETED, WILL IMPOUND WATER FOR IRRIGATING 150,000 ACRES OF LAND

in a pair of cramped offices, has grown to a corporation of world-wide sweep. The New York offices now occupy three floors in a skyscraper at 43 Exchange place. There is a San Francisco office in the Alaska Commercial Building and a Chicago office in the First National Bank Building. The English companies have headquarters at 9 Cloak lane, London, E. C., and 1A Cockspur street, London, S. W. From these offices work is directed in the very corners of the earth. A list of the works even now under way would be too long for anyone to read comfortably, yet these and all that have gone before are regarded only as preparation. In his last annual report to the stockholders, Mr. White says: "With its broad experience paid for, its affairs generally in excellent condition, its improved organization, its widened scope of work and its enlarged clientele, your company should be able with normal business conditions, during the next two or three years, to demonstrate its real earning capacity." And the man who speaks so confidently is working with tremendous energy to bring

POWERHOUSE AND FOREBAY, THE CANADIAN LIGHT AND POWER COMPANY ST. TIMOTHEE, P. Q., NOW UNDER CONSTRUCTION

about this highly desirable state of affairs.

The executive officers of the American company in addition to Mr. White, its president, are as follows:

Frederic H. Reed, first vice-president, has been a member of the executive staff since 1899. His experience and preparation has been broad and comprehensive, especially along engineering, construction and financial lines. At the beginning of his career he served as draftsman with the Yale & Towne Manufacturing Company; as rodman under the city engineer of Bridgeport, Conn.; as draftsman under D. J. Miller, inventor of the duplicate system of cable railways, and for him made plans for the installation of the Kansas City Cable Railway; was for a time assistant engineer of construction on the Tenth Avenue Cable Railway and the Third Avenue Railway Companies, New York City. In the early days of electric railway development Mr. Reed personally installed electric railways in Easton, Pa.; Ithaca, N. Y.; Asbury Park and Camden, N. J.; Meriden, Conn., and several other cities. He is also vice-president and director of the Manila Electric Railroad & Light Company, the Manila Suburban Railway Company, the Manila Electric Railroad & Lighting Corporation, the Philippine Railway Company, the Peoria Light Company, and the Engineering Securities Corporation, and director of other companies too numerous to mention.

Loring N. Farnum, C. E., the second vice-president of J. G. White & Company, Inc., is a graduate of the Worcester (Mass.) Polytechnic Institute, class of 1890. His experience along engineering lines has been similar to that of the other officers. He has been engaged in hydraulic work, general water supply and water power development work, and was, for a time, engaged in building water works in Maine, New Hampshire, Massachusetts and Connecticut. As president of the Loring N. Farnum Company he pursued his vocation throughout the New England States, building bridges, dams and electric railways by the score. In addition to his connection with J. G. White & Company, he is president and director of the Tri State Land Company.

STATION ON A NEWLY CONSTRUCTED RAILROAD IN THE PHILIPPINES

Russell B. Marchant, the treasurer, began his business experience in Baltimore in the early nineties. After a thorough course in accounting, finances and banking at the Bryant & Stratton Business College of that city, he entered the services of the Jarvis & Conklin Syndicate, who were then constructing the Lake Roland Elevated Railway Lines in Baltimore, and remained with that company in the capacity of auditor until it was merged with the City & Suburban Railway Company system. During this period the street railway lines of Baltimore were being transformed from horse and cable to electric system.

The broad experience gained by Mr. Marchant in these early days of electric street railway accounting both in the construction and operating departments fitted him for the position which he accepted with

J. G. White & Company in 1895 as head of its accounting department. Since that year Mr. Marchant has filled the various positions of auditor, comptroller and treasurer, besides being treasurer and director of a large number of public service companies.

H. S. Collette, present secretary and assistant treasurer, has been associated with J. G. White & Company, Inc., since 1900. He is a native of Ohio and a graduate of Denison University. Although his business training has been along broad, general lines, he is nevertheless intimately acquainted and in sympathy with every phase of the engineering business. Some years ago he was employed in the supply, purchasing and foreign departments of the Edison General Electric Company; he also handled all the foreign business of this concern from 1890 to 1893, as well as that of the Thomson Houston International Electric Company. In 1893 he became assistant to the superintendent of the Rocky Mountain Oil Company (Refinery) at Overton, Colorado. After spending a year on a ranch in Wyoming he became manager of exchanges of the Central Union (Bell) Telephone Company in Indianapolis. He represented this corporation throughout the State of Indiana, making reports on construction of new lines, obtained franchises, rights of way, etc.

It would be a great oversight if this article were to be concluded without some reference to the eminent men who constitute the official directorate of J. G. White & Company, Inc. Many of them are very well known—all have the interests of the White Companies at heart.

They are: A. Chester Beatty, mining engineer; F. Q. Brown, Redmond & Company, bankers; G. W. Bunnell, assistant to second vice-president; O. T. Crosby, president Wilmington & Philadelphia Traction Company; L. N. Farnum, second vice-president; P. G. Gossler, A. B. Leach & Company, bankers; W. S. Gray, wholesale chemicals; Chester Griswold, The Griswold Company; A. G. Hodenpyl, Hodenpyl, Walbridge & Co., bankers; G. T. Hollister, Hollister, Fish & Company, bankers; G. L. Hoyt, Maitland, Coppell & Co., bankers; T. W. Lamont, vice-president, First National Bank; R. Walter Levy, Maitland, Coppell & Co., bankers; R. B. Marchant, treasurer; John T. Pratt, attorney; F. H. Reed, first vice-president; F. S. Smithers, banker; Frederick Strauss, J. & W. Seligman & Co., bankers; J. G. White, president; W. F. White, president White Investing Co.; S. L. Selden, assistant to the president.

CENTRAL BANK ADVOCATED BY DR. JOSEPH FRENCH JOHNSON

IN a recent address before the Pittsburgh Association of Credit Men, Dr. Joseph French Johnson, dean of the New York University School of Commerce, Finance and Accounts, advocated the establishment of a Government national bank.

Dr. Johnson regards the banking industry, in its present state, as a purely local affair. He would strengthen the system and would accomplish this by establishing central banks by tieing them together in a national association or clearing house and by the development of a national clearing house of credit. He contends unequivocally that present banks are sound but he would bring about the development of the old bill of exchange enabling merchants in one city to draw on another as is done in England.

Dr. Johnson said that the present monetary system with its nine different kinds of coin and paper reflects the result of many different political battles and compromises; that the present bank system is not a legitimate child of banking experience and evolution "but is an offspring of Mars," having been created during the sixties to help the north fight its battles. He asserted that most banks in the issue of notes too frequently do not look upon the needs of trade but upon opportunity for profit making and especially in investment through Government bonds.

It thus happens, he said, that the country is needlessly subjected to periods of currency famine. This is true especially when large sums are required to move the crops. He said that in this country the greater portion of the bank deposits represent not cash deposited in banks, but loans and discounts made by the banks; that mercantile credit is local and not national. The old-fashioned bill of exchange used to represent the credit of men in different communities is nowhere seen now. The funds of banks are tied up in promissory notes unsalable in another community.

Dr. Johnson expressed the opinion that the best thing that could be done would be a start toward the creation of a central institution, one resembling the Bank of France. The stock of that bank is owned by private citizens and its business affairs are very largely under the direction of a board of regents whom they elect. Over this board of regents, however, having supreme control of all of the operations of the bank and exercising it whenever they see fit, are men who represent all the people of France. They are officers of the Government and are appointed for long terms of service, so that they become expert in the management of financial affairs and are not moved by the ebb and flow of politics.

BANK OF NEW SOUTH WALES, HEAD OFFICE, GEORGE STREET, SYDNEY, AUSTRALIA. THIS BUILDING WILL SHORTLY BE PULLED DOWN AND A NEW ONE ERECTED

THE BANK OF NEW SOUTH WALES

AN OLD AND ENTERPRISING AUSTRALIAN INSTITUTION

As The Bankers Magazine expects in the next few months to give especial attention to banking and other matters in Australia, it is natural that the first bank to be described should be the oldest and largest in the country—the Bank of New South Wales, whose head office is at Sydney. It was established as a copartnership, with £20,000 capital, and commenced business on April 8, 1817.

Forged notes, competition of a rival institution, frequent changes in officers and a land boom were some of the troubles with which the going bank had to grapple. The rival institution went down, but the Bank of New South Wales survived, although compelled temporarily to reduce its capital by one-half. This was in 1844. Three years later part of this reduction was restored.

Becomes a Public Incorporation.

On August 22, 1850, the old copartnership ceased and the new bank opened for business under an act passed by the Legislative Council. This change occurred at an auspicious time, on the eve of the gold discoveries, and a fresh era of prosperity began.

Before the first report of the incorporated bank was issued, the agency in Melbourne became a branch. The next branches opened were in Geelong and London, and in addition in 1853 there were branches at Maitland, Newcastle and Ipswich, and agencies on the Victorian gold fields. In 1855 there were twelve branches, in 1860 there were twenty-three.

Naturally all the banking institutions at that time in existence benefited vastly, and many new ones were founded to participate in the harvest, and though the Bank of New South Wales always headed the list in New South Wales itself, its early restriction to the one colony operated against its holding the largest business of any bank in Australasia, which it has now done since the year 1861.

The deposits reached £1,000,000 in 1852, £10,000,000 in 1881, nearly £19,000,000 in 1892, though after the crisis they relapsed to about £16,000,000. But they passed the £20,000,000 mark in 1900 and are now above the £30,000,000 line. As for the total liabilities and assets of the bank, they now

INTERIOR (GROUND FLOOR) BANKING CHAMBER, BANK OF NEW SOUTH WALES, HEAD OFFICE, SYDNEY, AUSTRALIA

THE HON. C. K. MACKELLAR, M. L. C.
PRESIDENT OF BOARD OF DIRECTORS BANK OF NEW SOUTH WALES

JOHN RUSSELL FRENCH
GENERAL MANAGER BANK OF NEW SOUTH WALES

Thomas Hunt Ivey
ASSISTANT GENERAL MANAGER AND CHIEF INSPECTOR

Wm. E. Frazer
HEAD OFFICE MANAGER

Walter Potts
ASSISTANT MANAGER HEAD OFFICE

substantially exceed £40,000,000, and there are only eight banks in England, including the Bank of England itself, which have larger resources, and only one bank in the rest of the Empire of which the same can be said, and they have mostly built up their large resources by numerous amalgamations, whereas the Bank of New South Wales has relied from first to last upon its own internal development.

The Bank of New South Wales has steadily paid dividends since 1818, sometimes at as high a rate as twenty per cent., but latterly has settled down to a ten per cent. rate. Over £10,000,000 has been paid out in dividends altogether, while net profits have exceeded £11,500,000. For some years the bank has been earning considerably in excess of the dividends paid, but the directors have preferred to build up the reserve fund and to keep the capital itself upon a level of ten per cent. of the deposits. That indeed has been rather an embarrassment lately, as they have been compelled on two occasions to issue £500,000 new capital in the past three years. Previously, in addition to the capital

Robt. Tate Hilder
ASSISTANT SECRETARY

Charles G. Alford
INSPECTOR, SYDNEY

William J. Edwards
INSPECTOR, SYDNEY

DENISON S. K. MILLER
METROPOLITAN INSPECTOR

L. WHITEHEAD
INSPECTOR, VICTORIA BRANCH

G. EDDINGTON
INSPECTOR, QUEENSLAND BRANCH

E. J. FINCH
INSPECTOR IN CHARGE OF NEW ZEALAND BRANCHES

WM. E. SOUTHERDEN
CHIEF ACCOUNTANT

paid up out of profits, the directors had issued £250,000 capital at £6 13s. 4d. per share premium in 1859, while a similar issue was effected in 1864, and in 1886 there was a further issue of £250,000 at upwards of £20 premium. After the crisis in 1893, which the Bank of New South Wales weathered splendidly, it was considered that it would be to the advantage of the bank to make a large new issue of £750,000, and this was speedily taken up by the shareholders at £5 premium. In 1897 another allotment of £500,000 was also made at par to the existing shareholders, while early this year another £500,000 was allotted at £5 per share premium. All these issues have represented substantial bonuses to the shareholders.

A Recent Balance-Sheet.

The accompanying balance-sheet shows the general condition of the Bank of New South Wales on March 31, 1910:

LIABILITIES.

	£ s. d.	£ s. d.
Notes in Circulation	1,149,153 0 0	
Deposits, Accrued Interest, and Rebate	30,348,579 19 11	
		31,497,732 19 11
Bills Payable and other Liabilities (which include Reserves held for Doubtful Debts and Amounts at Credit of Investments Fluctuation Account, Officers' Fidelity Guarantee and Provident Fund and the Buckland Fund)		4,330,772 1 4
Paid-up Capital	2,500,000 0 0	
Reserve Fund	1,700,000 0 0	
Profit and Loss	229,642 14 5	
		4,429,642 14 5
		£40,258,147 15 8
Contingent Liabilities— Outstanding Credits, as per Contra		695,257 9 11
		£40,953,405 5 7

ASSETS.

	£ s. d.	£ s. d.
Coin, Bullion and Cash Balances	8,959,933 15 8	
Queensland Government Notes	147,842 0 0	
Notes of other Banks	45,072 0 0	
Money at short call in London	2,370,000 0 0	
Investments—British and Colonial Government Securities	2,597,386 7 0	
" Municipal and other Securities	194,214 2 11	
Due by other Banks	159,947 17 6	
Bills Receivable in London and Remittances in transit	4,515,808 4 6	
		18,990,204 7 7
Bills Discounted, and Loans and Advances to Customers		20,561,443 8 1
Bank Premises		706,500 0 0
		£40,258,147 15 8
Liabilities of Customers and others on Letters of Credit as per Contra		695,257 9 11
		£40,953,405 5 7

PROFIT AND LOSS, 31st MARCH, 1910.

Dr.

Balance proposed to be dealt with as follows:

	£ s. d.
To Dividend at the rate of 10 per cent. per annum	125,000 0 0
" Augmentation of the Reserve Fund	50,000 0 0
" Officers' Provident Fund	5,000 0 0
" Balance carried forward	49,642 14 5
	£229,642 14 5

Cr.

	£ s. d.
By Amount from last Account	45,704 10 7
" Balance of Half-year's Profits after deducting Rebate on Current Bills, Interest on Deposits, paying Note and Other Taxes, reducing valuation of Bank Premises, providing for Bad and Doubtful Debts, and fluctuations in the value of Investment Securities, and including Recoveries from Debts previously written off as bad	183,938 3 10
	£229,642 14 5

RESERVE FUND, 31st MARCH, 1910.

Dr.

	£ s. d.
To Balance (Of which £750,000 is invested in British Government Securities, and the balance is employed in the business of the Bank.)	1,750,000 0 0
	£1,750,000 0 0

Cr.

	£ s. d.
By Balance	1,700,000 0 0
" Amount from Profit and Loss	50,000 0 0
	£1,750,000 0 0
By Balance	£1,750,000 0 0

Personnal of the Bank.

The president of the Bank of New South Wales is Hon. C. K. Mackellar, M. L. C.; general manager, J. Russell French; assistant general manager and chief inspector, Thomas Hunt Ivey.

W. E. Frazer is manager of the head office in Sydney, and Walter Potts, assistant manager.

The London branch, at 64 Old Broad street, E. C., is in charge of David George, manager, and H. Meldrum, assistant manager.

The branches are numerous throughout New South Wales, New Zealand, Fiji, Queensland, Victoria, South Australia and Western Australia.

SAFE DEPOSIT

SOME REMARKS ON THE IMPORTANCE OF SAFE DEPOSIT ADVERTISING

WITH the passing of the Christmas season and the advent of a new year, the "reasons why" safe deposit companies and banks conducting safe deposit departments should advertise have materially increased.

It is to be presumed that every manager has been giving some thought to this question of judicious auvertising, and it is to emphasize the importance of starting the year with a definite campaign mapped out, that these remarks are set down.

Upon the size of the advertising appropriation will depend the amount of publicity that can be secured. Where resources are scarce, the relative value of different mediums should be considered and the smaller the space contracted for, the stronger and more effective should be the copy.

It matters not how much be spent for newspaper space, for booklets or for miscellaneous literature, there should also be personal work by tne manager and others to clinch the prospects tnat are continually passing in and out of the building. The very best advertising is oft-times negatived by the indifferent, thoughtless acts of vault attendants, who are the first to come in contact with the people.

Invitations to inspect the equipment should be displayed conspicuously in every advertisement that may be prepared, and the welcome extended to visitors should be genuine in every instance. One of the ways in which others than those actively employed in the department may bring in business is well illustrated by the following account of an actual occurrence. The First National Bank of a city of 10,000 inhabitants had installed a large armor-plate vault containing about 500 boxes. Naturally, the officials were anxious to make the venture pay and they were quite liberal with the first year's advertising appropriation. Various mediums were tried out with little or no results to show for their efforts. The copy was stereotyped and beyond setting forth the fact that a new vault for the protection of valuables had been installed by the First National Bank, the ad. was not calculated to arouse curiosity or interest. Matters drifted along in much the same way for several months, the bank meantime renting a few boxes to some of its oldest customers.

But one day there came through the mails a sample advertisement and a proposition from some concern that desired to furnish a series of ads. for a nominal consideration. This ad. was sent to the local newspapers, with instructions to run in place of the card already standing. It contained blank spaces which the bank filled in, setting forth the size of the vault, the number of boxes, etc., and also a heavily underscored invitation to call and see the eighteen-ton door that could be closed with one finger, etc.

The day following the change of copy fifty people visited the safe deposit department; the next day forty more came to inspect the vault.

This influx of visitors became a source of inspiration to the cashier, who was not a stupid old-fashioned banker by any means. He reasoned thus: "If a small newspaper ad. can bring people in here, what won't personal solicitation accomplish. Here I sit day after day, interviewing scores of men, who, I'm sure, have need of a box for their valuable papers, and yet I've never appealed to one of them to step downstairs and go through our safe deposit vault. I'll begin to-day." And he did, with gratifying results. And furthermore he now keeps a pile of illustrated booklets on his desk to hand out whenever opportunity offers itself.

The application of this cashier's experi-

ence may well be extended to include every officer and employe of the bank or safe deposit company. The moral is not hard to find. It is this: What printed arguments can't accomplish, personal talks will, and a combination of the two cannot be beaten. In other words: Advertise, advertise judiciously, with frequent changes of copy, and never let up on the good practice of personally soliciting new business.

It is highly important that the new year be started aright. The advertising copy for the next two months should contain references to valued Christmas gifts that must be guarded against burglary and fire. Interest coupons will be in circulation this month; many bonds will be resold—all of these things should be utilized as talking points. There is no reason why the year 1911 should not prove to be a banner year for the safe deposit business. A careful apportionment of the advertising appropriation will be of material assistance in bringing about "a consummation, devoutly to be wished."

LATIN AMERICA

SECURITY OF FOREIGN CAPITAL IN MEXICO

As the first consideration that presents itself to the foreigner contemplating investments in Latin America is the security of his capital from the dangers consequent upon political disturbances, it may be opportune to examine from a historical and economic standpoint the security of foreign capital in Mexico; i. e., the possibility of a return to the frequent revolutions of the remote past.

Origin of Past Discontent.

The following were the two principal reasons that made revolutions possible in Mexico in the past:

1. The evil economic conditions existing among all social classes, especially the lower.

The immediate economic effect of the War of Independence (1810-1821) was the emigration of Spanish capital and the ruin of the industrial, mining and agricultural enterprises of the country. The imperial government of Iturbide, far from improving the situation, aggravated it by imposing forced loans upon merchants and property holders. If we add to this forced loans the fact that the clergy had at that time possession of four-fifths of the real property and a tax of ten per cent. upon the gross proceeds of all crops, the precarious and unhappy condition of the Mexican people of that epoch can be easily understood.

The ruin of all the sources of riches left thousands of men without work, and these being deprived of all honest means of earning a livelihood, took to the highways and devoted themselves to pillage. They robbed stages and trains, both freight and passenger, paralyzing traffic; they attacked plantations, destroying agricultural industry, and even made incursions into towns, sacking them and destroying property of all kinds. These men were the revolutionary element made to hand, for they were not only greedy for booty, but also glad to cover their brigandage with the banner of some revolutionary party. Many individuals who had led honest and peaceful lives affiliated themselves with the revolutionists as a means of livelihood, preferring to lead this

Banco del Peru y Londres, Lima, Peru

This institution has a paid-up capital of 500,000 Peruvian pounds and total assets of 3,660,303 Peruvian pounds

precarious existence or even to die on the field of battle rather than perish of starvation at home and see their families starve.

The revolutionists also drew into their ranks men of daring and ability, who saw in the chances of internecine war opportunities of rising quickly to wealth and power. The wealthy classes themselves were compelled to maintain friendly relations with the revolutionists and supply them with money to prevent the spoilation of their property or the sacrifice of their lives.

Under such conditions revolution became a trade, a means of livelihood for the poor and an attractive and easy path to riches and position for the ambitious. On the other hand, the Government was weak in its military establishment and in its financial resources. The Treasury was in a chronic state of emptiness and credit was exhausted. As a consequence, when a revolution broke out, not only the means of suppressing it were lacking, but the sympathies and support of the employees and the forces of the Government itself were alienated by inability to pay the salaries of officials and the wages of the soldiers. The wealthy classes and the property holders, who are in all countries the friends of the established order, were levied upon to sustain the expenses of suppressing the revolution and had little to choose between the rapine of the revolutionists and the spoilation of the Government, being equally exposed to the violence and robbery of both.

Diaz Establishes a Reign of Peace.

Fortunately, one of these revolutions brought to power one of the most extraordinary men of modern times—a soldier of the first order, a statesman of distinguished ability, and a ruler of profound wisdom. This man was General Porfirio Diaz, President of Mexico. His administration, which has extended over a period of more than thirty years, has radically changed conditions in Mexico. Now the property holder is secure in his possessions, the public officer is punctually paid his salary, the soldier receives his pay. A middle class enjoying the highest prosperity and to whom all the avenues of wealth and preferment are open has grown up. Peace has been maintained and under its protecting and vivifying influence enterprises of all kinds have flourished—mining, manufacturing, commercial, financial. The laborer finds employment in every field and his wages are constantly rising.

President Diaz has favored the investment of foreign capital and has given to all men of enterprise, invention and genius a fair and open field for advancement. Under present conditions successful revolutions in Mexico are impossible, because there is no class in the country which could profit by them. They would mean ruin to the prop-

erty owners, the loss of salary to the public employee, bankruptcy to the trader and manufacturer, no work and no wages for the laboring classes—in brief, revolution in Mexico would signify disaster to all classes and all classes are combined to prevent it. No revolutionary class now exists in Mexico and none could possibly exist under present conditions. The Government is strong in its well-filled Treasury and irresistible military force and rests upon the consent and approval of the people.

Successful armed revolution has passed into history. It has been succeeded by the peaceful struggle for the dollar and in the marts of trade and finance are now expended the energies of the restless and ambitious spirits that formerly sought their objects in armed revolutionary strife.

2. Lack of ways of communication.

The mountainous topography of Mexico deprives the country of natural means of communication and renders difficult the construction of artificial ways.

Mexico is covered by high mountain ranges and presents the configuration of a gigantic quadrangular truncated pyramid rising on the east, west and south to a height of more than 6,000 feet and forming a central tableland. The natural consequence of this topographical formation is lack of ways of communication and the absence of navigable rivers. The sociological conditions of the country were such that little individual or collective action could be expected from the inhabitants to modify or overcome these disadvantages of nature. When the Spanish conquerors landed in the country they found only narrow foot-paths as avenues of traffic. These sufficed for the needs of the aboriginal inhabitants, among whom draft animals were unknown, all burdens being carried on the backs of men. After nearly three centuries the Spanish Government had not built one single wagon road even from the capital to the principal ports of the country. Towards the end of the eighteenth century the efforts of the Consulados of Mexico, Veracruz and Toluca secured the construction of highways from the capital to the last-named cities. (The Consulados were organizations formed by wealthy Spanish merchants and enjoyed exceptional privileges, such as the selection of judges to decide commercial questions.) From that time on municipalities and individuals built short and defective roads from time to time, but these imperfect highways were not only neglected, but even destroyed for the most part as a measure of defense during the French Invasion.

Building of Modern Means of Communication.

The telegraphic network of the Republic was begun about the middle of the last century, but progressed so slowly that in the time of Maximilian there were only three telegraph lines in Mexico—one of 503 kilometers from Mexico City to Veracruz, another of 503 kilometers from the capital to interior towns, and a short line from Bagdad to Matamoros.

The scarcity and imperfections of means of communication made revolutions easy, for a so-called "general" would raise the standard of revolt in a remote part of the country and undertake his march towards the capital, beginning with two or three hundred men and swelling his ranks with enlistments as he moved, while the Government was in entire ignorance of the fact that a revolution was afoot, or learned it only when the insurgent army, grown strong as it marched, was at the gates of the capital and resistance was futile. At present there are 24,000 kilometers of railways in Mexico and telegraph wires extending from the capital to every part of the country. By these means the Government can be advised immediately of any revolutionary movement and can strangle it in its cradle. The usefulness of railways as pacificators has been made manifest on several occasions during the administration of President Diaz, when ambitious adventurers, with a few misguided followers, have endeavored to imitate the revolutionists of former days, and have found themselves promptly within the clutches of the law.

It is but justice to state that the building of railways and their progress and development in Mexico are due chiefly to President Diaz.

Indeed, President Lerdo de Tejada, predecessor of Porfirio Diaz, not only refused all offers of American business men to build railways in Mexico, but frankly and openly opposed their construction on the ground that they would be a menace to national safety.

General Diaz was sufficiently courageous and clear sighted to adopt the opposite policy, and to him is due the binding together of the previously scattered parts of the Republic with bands of steel. Mexicans for this reason look upon Diaz not only as the Great Pacificator, but also as the creator of national unity.

[Additional details of the progress of Mexico under the rule of President Diaz will be given in later numbers of the MAGAZINE.]

THE STORY OF THE PANAMA RAILROAD

THE whole history of the making of railroads is but a short one, as time goes, says W. W. Rasor in the *Pan American Magazine* for October.

Not a century has passed since the first shriek of a steam whistle broke upon peaceful country-side in the Old World, to be followed in an incredibly few years by the laying of rails in nearly every country under the sun. Yet the innovation has not been always greeted with rapture. True, the coming of automobiles and aeroplanes has given us (advanced and greatly blessed people that we are!) newer ideas of speed and space, but it is within the memory of living people that the London *Times* solemnly assured the directors of the first railway company that if they imagined sane folks were going to trust their lives to a machine that rushed over the earth at fourteen miles an hour, they were greatly mistaken!

And though since that day we have grown calm about railways, not every one has rejoiced at their coming; here in Panama, the mule-trains and drivers who previously did all the trans-Isthmus carrying were thrown out of business, and once—about a year after the opening of the P. R. R.—a riot resulted through dissatisfaction of the men who were thus out of work.

Seldom has any railroad had such a story as this Isthmian track of desperate struggle, looming failure, and brilliant success; its fortunes have varied in an extraordinary manner—and now the main part of those historic rails are to be shifted some distance from their original path, to higher ground, where the waters of the projected great Gatun Lake will not rise. Much of the road you ride over to-day will be drowned by 1915.

It was the discovery of gold in California, in 1849, that led to the building of the P. R. R. Two other concessions for such a scheme had been granted by Colombia, one through the agency of President Jackson, in 1835, and another to a French syndicate in 1847, but both these were allowed to lapse without anything being done—probably because of the uncertainty at that time of sufficient traffic to repay the enormous necessary outlay.

However, with the "gold rush" the traffic presented itself; mule-trains hurried back and forth constantly across the Isthmus carrying the diggers from East to West, and (less frequently) back again, loaded with spoil. During the first seven years of the rush, 25,000 passengers annually crossed the Isthmus, and about fifty million dollars' worth of gold was carried. Robbery and murder on the trail were frequent.

Then it was that three enterprising Americans appeared on the scene, Henry Chauncey, William H. Aspinwall and John Lloyd Stephens. The latter was a man of culture and charm, who had some ten years previously published that delightful book, which still remains to-day the most fascinating ever written on the subject, the "Incidents of Travel in Central America." Stephens went to Colombia, secured a con-

TUNNEL NO. 7—TAMASOPO CANYON

Some of the finest scenery in Mexico is to be viewed between San Luis Potosi, which is located on the tableland of Mexico at an altitude of 6,290 feet above sea level, and Tampico, one of the principal sea ports on the Mexican Gulf coast. Between Cardenas and Tamasopo the train passes through the Tamasopo Canyon, descending nearly 3,000 feet while traversing a distance of thirty-one miles.

cession (for only forty-nine years, however), and active work on the road began in May, 1850, when the American engineers, Trautwine and Baldwin, broke the first ground on the then desolate Manzanillo Island. The chief engineer was Colonel Totten, for many years afterward associated with the P. R. R.

Difficulties were many from the beginning; the island—chosen because its shores touched deep water—had to be joined to the mainland, necessitating the dumping of an enormous quantity of filling material in the sea; but the worst part of the work was the conquering of the Black Swamp. This swamp has frequently given trouble ever since the road was built—sixty feet of line sinking right out of sight just after the passing of a train, one day in 1907. The part of the country, it must be remembered, on which work was being done, was at that time very sparsely inhabited—indeed, the low-lying, insect-infested ground offered no charms to the natives themselves, whilst its unhealthy condition made work a trial and life itself miserable. The first workers had to wade up to their waists in poisonous water, tormented by mosquitoes, sandflies, and all the other execrable insects of the tropics (which since Colonel Gorgas' work took effect seemed to have disappeared, of latter years), with the prospect of an attack of "calenturas" or the dreaded "Chagres fever" to follow.

Fresh food of all kinds was extremely scarce—a few pineapples, bananas, oranges, etc., were grown, but the supply was not constant; few people lived in Colon (or "Aspinwall," as the Americans originally named it) at that time, and no regular market existed. Thus the railroad builders had to depend on ship-brought canned goods—and indeed for the first months they ate their meals and lived on shipboard, too, for the first house they built was made uninhabitable by the insects.

Labor troubles occurred frequently. Men imported from Jamaica and elsewhere

would get "gold fever" and disappear in the direction of California; fever claimed many victims, whilst the importation of some thousand of Chinese proved a failure; the name "Matachin," of one of the stations along the line is the index to a tragic and quite mysterious story.

Seven miles of track, from Aspinwall to Gatun, was finished by October, 1851, and opened to passenger traffic, a small business resulting, though at that time the company did not own a single passenger car. A few months later, Barbacoas, half way across the Isthmus, was reached, but here the line had to span the Chagres River, which incontinently swept away a great part of the first wooden bridge.

This and other troubles, due to the discovery as time went on that the original money estimate would have to be far exceeded, delayed the work—also, in October, 1852, the lamented death occurred of the genial president, John L. Stephens. For a year the Chagres bridge remained unfinished and everything stood still. Then a fresh spurt of energy was made, under president of the road, David Hoadly, and Colonel Center, until on January 27, 1855, the last rail of the Atlantic end was laid one midnight, in pouring rain. This was at Culebra, thirty-seven miles from Colon, and ten miles from Panama, the Pacific end of the line having been built by Mr. T. Young, with materials sent from New York to Panama by sea.

The next day the first train ran from Aspinwall to Panama, and immediately an enormous passenger and freight business commenced.

Rates were excessively high at the opening of the road, $25 gold being the price of a single first-class ticket across the Isthmus, whilst personal baggage cost five cents per pound--and even an umbrella or overcoat was reckoned as "baggage."

First-class freight was rated at fifty cents per cubic foot, mails were charged twenty-two cents a pound, and coal cost $5 gold a ton for carriage. Those were golden days for the little single track railway, and it is no wonder that despite the seven million dollars it had cost to build, dividends amounting to twenty-four per cent. were soon paid on that capital. The toal income for the first ten years was well over $11,-000,000.

There was, however, a serious drawback ahead to this roseate period; this was the forty-nine years' limit of the original concession, after which time the road, with all its stock, was to belong to Colombia. To obviate the looming disaster, fresh arrangements were made with Colombia in 1867, at great immediate loss to the railroad. The time limit was certainly extended for another ninety-nine years, but the P. R. R. had to pay a million dollars on the spot and a yearly fee of $250,000. This is still being paid to bondholders.

This was a terrible burden on the road, especially as there was now some falling off in the traffic; the Union Pacific and the Central Pacific railroad companies were formed in 1862, and commenced to build the two lines, one from either ocean, across the American continent, from Missouri River to the bay of Sacramento. This overland route was finished in 1869 and at once adversely affected the traffic of the P. R. R.

Add to this the throwing away of some great opportunities to co-operate with the steamship companies and one begins to see the Isthmian railroad fallen from its high estate; the establishment of a line of steamers threading the Straits of Magellan was

an important factor. Receipts dwindled from an income of (in 1869) over four million dollars, to (in 1871) about $1,200,000 —even then respectable earnings for forty-seven miles of line.

In 1867, after the bad terms made with Colombia became known, Panama railroad shares fell from 360 to 80 in Wall Street, and the financier, Trenor W. Park, bought a controlling number of shares at the lower figure. When the French canal was inaugurated, Trenor Park succeeded in selling the railroad to the canal company, at $250 for each $100 share, with other charges which brought the total paid for the Isthmian railroad to $25,000,000, a really excellent bargain—that is, for the Americans.

Although owned by the French from 1882 until 1904, the road remained under the superintendence of a succession of able Americans, and has always been American in style of management. Until 1892 it still paid a dividend, but after the failure of the French scheme, trade wilted on the Isthmus.

When the United States purchased the Canal Railway and all the stock and machinery from the French Government in 1904, for $40,000,000, a new era began. Soon the small wooden shacks and little banana plantations of the negroes who remained behind after their work with the P. R. R. or with the French was over, were supplemented by model townships, sprung up all along the line; there is a double track now, and the trains are daily filled with the bright faces of American women and children, besides the canal builders—and the fare is not $25, either.

And now the road is being re-located to make way for its greater rival, the canal; part is already finished and usable, and includes a brand new tunnel, quite thrilling to pass through; in many spots, from the window of a car on its present track, one sees, beyond the canal work which in most places is quite close to the road, a bright red slice cut in the tropic green on the hillside further away. This red line is the bed of the new line—it is to cost another $7,000,000—but it is a necessary expenditure, and one that Uncle Sam need not grudge.

The P. R. R. remains at present the only railroad in the country, but the Panama Government has in hand a scheme which will open up some of the most beautiful country in the Isthmus. A line is to be made from Panama City to the town of David, in the province of Chiriqui, where the land is high, healthy and fertile, and the finest tobacco and coffee is grown.

TRADE WITH LATIN AMERICA

SIMEON SEIJAS addresses the following letter, dated November 21, to the editor of the "New York Sun":

"SIR: I have read with much interest Mr. J. W. Davies's letter in 'The Sun' of November 16, concerning credit as a means of developing the trade of this country with Latin America.

"With all due respect to Mr. Davies, whose letter deserves the closest attention of every one engaged in business, permit me to say that it is not the European manufacturer himself who extends credit to his customer beyond the sea, but the well-known foreign bankers of England, France and Germany, who give every possible assistance to both manufacturer and consumer and whose prosperity, and consequently that of their respective countries, is notorious.

"Only such foreign bankers are looked upon as negligible quantities in this marvelously progressive United States, and no one here seems to care to imitate their example. Yet without them things must continue as before, despite the Hon. John Barrett's academic prophecies, until some day somebody awakens suddenly to what will be claimed as the solution of a great economic problem and puts forth as a new American idea what Europeans have known

TUNNEL NO. 5—TAMASOPO CANYON IN PICTURESQUE MEXICO

from time immemorial, or at least since the advent of the great Rothschild family, regarding the mighty importance of foreign banking to the development of the foreign commerce of nations.

"I am indeed pleased to see an intelligent man like Mr. Davies indirectly confirming the logic of the statements contained in my article on 'Banking and Subsidies,' published in last June's BANKERS MAGAZINE, and of other articles of mine previously though uselessly published in New York on this fertile subject."

PAN-AMERICAN SOCIETY TO BE ORGANIZED

A MOVEMENT to organize the "Pan-American Society of the United States," with headquarters in Manhattan and branches in the principal cities of the country, has been initiated by Director General Barrett, of the Pan-American Union. Its chief purpose will be that of showing hospitality and attention to distinguished Latin Americans who may visit the United States and of promoting amicable relations among the American nations through the better acquaintance of their representative men. Senator Elihu Root will be asked to serve as its first president, and its executive committee will include ex-Ambassador Henry White and other delegates of the United States to the Pan-American conference in Buenos Ayres.

The first important public meeting of the society will probably take the form of a large dinner given in Manhattan in honor of Dr. Victorino de la Plaza, the vice-president of the Argentine Republic, who will make an official visit during January to the government and people of the United States. The organization of this society has the approval of President Taft, Secretary Knox and the Latin American Ambassadors and Ministers at Washington.

NEW PRESIDENT OF BRAZIL HAS STRONG LEANING TOWARD UNCLE SAM

HERMES DA FONSECA, the new President of Brazil, is the nephew of Marshall Deodoro da Fonseca, who was formerly head of the Brazilian Army, first Executive of the provisional government formed upon the abdication of the Emperor Dom Pedro, in 1889, and first President of the republic. The new President was born in 1855 and entered the army as a cadet at the age of sixteen.

President da Fonseca has strong leanings toward the United States. He has repeatedly expressed himself as in favor of closer relations with this country rather than with Europe. One of his favorite projects is the establishment of a Pan-American bank. He had intended to spend some time in this country on his way home from

the European trip which he has just concluded, but was obliged to cancel the visit for lack of time. In doing so he said to a newspaper reporter in Europe:

"I hope that my visit is only postponed. I should be delighted at an opportunity of bringing closer the ties of friendship between the two countries. I am a firm believer in Pan-Americanism, and I believe that Brazil asks nothing better than closer relations, political and commercial, both with the United States and with the sister republics of the Southern continent.

"The guiding principle of my policy as President of Brazil will be the development of the enormous possibilities of the country in trade and industry. We want capitalists and colonists and would welcome with open arms enterprising men and companies from the United States. North American manufacturers can establish themselves among us with the certainty of a cordial welcome and fair treatment."—*New York Sun.*

BANK OF SPAIN PLANNING TO ENTER THE LATIN-AMERICAN FIELD ON AN IMPORTANT SCALE

THE Bank of Spain is about to change its strictly national part for an international role, by planning to extend its operations to Latin America. When the Canadian Bank of Commerce finds it advisable to open a branch in Mexico City, as it has just done, it is not surprising that old Spain should wake up and try to regain her foothold in new Spain and its former dependencies, at least in a financial way. If the opportunities for employing the bank's resources at home are not wide enough, ample amends are made by the fine fields which are open to it from the Rio Grande to Southern Chile, all yearning for capital and all capable of making handsome returns for its use.

The ostensible reason for taking this important step by the Madrid institution is the rapid increase of the Spanish element in South America and the large remittances which are sent to their relatives in the old country by those who have left to make their fortunes in transatlantic fields. There is no doubt that these remittances are heavy, for Spain's sons are numerous in Mexico, Argentina, Uruguay and other States, filling good positions in many cases, and, generally speaking, making headway wherever they go. They are sober, thrifty, and, having the advantage of the native idiom, can get on better with the South American or Mexican than the more pushing extranjeros, who do not understand the nice pitch to which relations with the natives have to be adjusted in making a business deal.

It will depend, of course, on the enterprise of the directors of the Bank of Spain to what extent they will go in capturing Spanish-American business. If they are equal to the occasion, there can be no doubt that the opportunities for extension will mean millions of pesetas more each year to the shareholders, and at the same time a vast benefit to the communities of great and growing States whose only need is financed enterprise. While other nations are bound to share in the natural development of the Spanish-American States and give them the benefit of well-directed initiative in opening up their riches, the fitness of things demands that old Spain should shine in the work as well and participate in the gain which will surely be reaped all round.

GENERAL NOTES

—Senor Manuel Gondra has recently been elected President of the Republic of Paraguay and Senor Juan Gaona Vice-President. The general budget law of the Republic of Paraguay for 1910 estimates the revenues

at a total of 496,000 pesos gold and 26,636,000 pesos paper. The expenses are fixed at 710,552.16 pesos gold and 27,094,948 pesos paper.

—The board of directors of the National Bank of Bolivia has decided to increase its capital to £1,000,000 sterling, for which purpose negotiations are already under way with Paris bankers. The Mercantile Bank and the "Banco Francisco Argandona" also propose to increase their capital £1,000,000 sterling each. The Minister of Finance has authorized the National Bank of Bolivia to issue 300,000 bank notes of the denomination of ten bolivianos.

—Concession from the government of Uruguay for a new railroad to extend 370 miles from Colonia, on the river plateau in Argentina, to San Luis in the department of Riveria, and thence to Bage, Brazil, has been procured by the Pan-American Transcontinental Railroad Company.

—The balance sheet of the "Banco de la Republica Oriental del Uruguay," an official institution, for December 31, 1909, shows a net profit of $961,526.59 for the year 1909, against a profit of $1,020,212 in 1908, or a decrease of $58,685.41. Considering, however, the conditions under which the business was conducted during that year, the rate of interest which was lower than that of 1908, and the interest paid by the bank to the Government on its large deposits, it is fair to regard the profits of the year 1909 as very gratifying, and, at least as high as those of 1908. From the standpoint of the Government, the results for 1909 are splendid, since the profits of that year represent fourteen per cent. of the capitalization of the bank.

—Some American bankers are looking toward Panama as a field for business. If the next Panama Assembly enacts suitable banking laws for their protection it is probable that several America institutions will go there to compete with foreign banks. The Columbian banking laws are not considered adequate by the Americans. Banking in Panama is said to be restricted because of lack of facilities and the existence of restrictive laws. Several foreign banks now have savings branches there.

—The Executive Power of the Argentine Republic has submitted to the National Congress a bill to amend article 1 of the monetary law. It is provided that the monetary unit of the country shall be the gold dollar. The minister shall be empowered to coin gold, nickel, and copper coins as specified by the new law. It is enacted that gold coins shall be stamped on the obverse with the coat of arms of the nation, the inscription "Republica Argentina," and the year of the coinage; on the reverse, a bust with the Phrygian cap, symbolizing liberty, and inscribed "Libertad," and the denomination of value. Those of nickel and copper to bear a bust with the Phrygian cap, the inscription "Republica Argentina," and the year of the issue, and on the reverse, a number expressing the value. The coining of gold shall be free and unlimited and effected by the mint in accordance with the regulations which may be made by the Executive Power. The gold coins mentioned in article 2, and the notes, while they are convertible, shall have compulsory circulation in the nation, and shall serve for discharging every contract or obligation within the country or abroad. The Executive Power shall issue, through the issue department, which is created by article 2, the nickel and copper coins which may be solicited, and shall convert into notes of national money those which are presented for exchange.

—The National Railways of Mexico has issued a statement showing that the estimated earnings of its owned and leased lines amounted to $6,355,969 Mexican silver for the month of October. The total earnings for the twelve months ended October 31, 1910, are $72,680,924, an increase of $9,280,495, or nearly thirteen per cent., over the

earnings for the year ended October 31, 1909, when the record was $64,400,429. The average monthly earnings for the last twelve months have been $6,056,744, as against $5,366,702 for the twelve months preceding.

One year ago Mexico had 7,062 miles of railroad in operation, now the merger system alone has 7,905 miles.

—On the thirty-first of October, 1910, the Banco Minero of Chihuahua, Mexico, reported loans of $18,638,440, a surplus of $1,475,193, undivided profits of $400,000 and deposits of $14,208,002.

—The Banco Mercantil de Monterey, of Monterey, N. Leon, Mexico, is capitalized for $2,500,000, has a reserve fund of $251,239, and total assets of $14,539,152. It is the official depository for the State of Nuevo-Leon.

—In the Department of Manizales, Republic of Colombia, there was recently discovered, in the Balcanes gold mine, at 300 meters depth, a vein three meters thick, which, according to experts, is the richest that has been found up to the present time in the mines exploited in that Department.

BANKING PUBLICITY

Conducted by T. D. MacGregor

THE FUNCTION OF MODERN BANK ADVERTISING

By A. M. Ingraham, Financial Advertising, Cleveland, Ohio

TIME was when bankers discussed whether or not advertising was an appropriate means of presenting the facilities and service of a financial institution. Many older bankers remember also a time when the wisdom of establishing trust companies was a serious question. Now, however, the trust company is an accepted institution and we engage our wits in defining its functions.

A similar development has marked the gradually increasing use of modern advertising by financial institutions. It is not now so much a question whether or not to advertise as it is what do we intend our advertising to do? That is, what is the function of advertising? The real, vital character of advertising, sometimes even its forms, is determined by what the advertising is intended to do. The instrument must be fashioned with a full knowledge of the kind of work it is intended to do; and advertising, to be successful, must be prepared with a clear view as to the results which it is desired to accomplish.

A few managers of the advertising departments of financial institutions have created the impression among bankers, that advertising for a bank is different and distinct from banking. The fact is, however, that advertising in one form or another is a vital element in all good banking. Banking is made possible by means of public patronage and the test of successful banking, therefore, is the volume of profitable business which the public entrusts to the care of the bank.

Procuring New Accounts.

In view of the fact that every financial institution must constantly procure new accounts and other business in order to make substantial advancement, advertising, as an approved means of making known the facilities and service of a bank or trust company, becomes a most vital force. It is as necessary in maintaining a steady increase in the volume of deposits as is the adding machine in assuring both accuracy and dispatch in handling individual accounts. The large number of financial institutions that have made successful use of judicious, dignified advertising afford adequate proof of its efficiency in procuring a satisfactory volume of deposits and other business. The active, practical banker, who has gradually built up a line of deposits and other business, knows how necessary it is to be constantly alert to all opportunities of attracting profitable new business. Sometimes it comes as a result of the prominent location of the bank—an expensive site selected with a view to getting the best of the business which comes to the most accessible financial institution. More often, however, new business is the direct result of personal effort on the part of an active officer of the bank. A conference in the office, a word at the window, or a visit to the place of business or residence of an individual, explain how many a substantial account is procured. All of these methods and a great many others are really methods of conservative bank advertising.

Modern bank advertising, however, is somewhat more progressive. It substitutes the written or printed message for the spoken word or interview. While the banker personally can talk with only a limited number of persons, advertising enables him to speak to every possible depositor or patron.

A VARIETY OF GOOD ADS.

The careful, observing banker is enabled to represent his institution with the utmost fidelity and the greatest impressiveness through personal letters, booklets, and other literature.

Aside from the known potency of advertising in procuring new accounts, it is also an element in many of the more intimate banking processes. Modern advertising assists the banker in making all of the machinery of banking run more smoothly. It is a means by which the public learns definitely concerning the service and facilities of a financial institution. It gives the inexperienced person specific directions as to the ways of depositing money and transacting other business. By means of careful, judicious advertising, the entire community becomes more thoroughly acquainted with the bank and even the ordinary business man learns the banker's way of doing things. All of this makes the routine of the banking business easier for the officers and force of employes.

But far more important than the aid which carefully planned advertising affords the bank officer and his assistants, is the facility and convenience which it assures new customers in depositing money and transacting other business.

A Good Introduction.

The prospective customer who has seen the advertising of a financial institution enters its doors the first time with a certain degree of confidence, as he knows what the bank can do for him. Often, indeed, he has learned just what window to approach or with what officer to confer. For the timid or inexperienced person, a skillfully worded advertisement serves as a card of invitation and he goes where he is invited. This response on the part of the public constitutes the lifeblood of successful banking.

The varied forms of advertising, including newspaper advertisements, booklets and letters, as well as other forms, enable the banker to solve many and many a problem which otherwise is more difficult.

For example: The United States Government and the banking departments of many States are coming to be more and more strict in their examinations of over-drafts. The banker must often taken a perilous course between Scylla and Charybdis. He must meet the rigid requirements of sound banking and at the same time avoid offending those depositors who occasionally overdraw their accounts. The careful writing of letters to individuals and firms having the habit of overdrawing has resulted satisfactorily in many cases, reducing the number of over-drafts without creating any serious offense. There is an art in good bank advertising which assures attractiveness without carrying with it any offense.

It is a mere truism to say that bank advertising must be prepared with a special view to the function which it is to perform. A great deal of current advertising fails because it is not applicable to the immediate conditions. It makes no deep impression

upon the public. Ideas that are merely general in their application do not bring adequate results, simply because they have not the persuasive force to make an impression and procure patronage. That is, as an instrument, stereotyped advertising fails because it is not properly fashioned for the service which it is intended to render. A manufacturer would not expect to run a machine requiring ten horse power with an engine capable of producing only five horse power. There must of course be a nice adjustment between advertising and its function.

Authoritative Advertising.

On account of its intimate relations with banking itself, the advertising of a financial institution must go forth with the authority of the banker.

On the other hand advertising is sometimes like a two edged sword. It is difficult to handle. A slight error by reason of inexperience often proves expensive. Any deviation from a dignified, conservative form of expression usually works injury instead of bringing favor to the institution by which it is issued. The advertising of a bank should reflect the conservative character of the institution by its guarded statements and strict conformity to facts. It then creates a favorable impression in the minds of those careful people who have money to deposit and draws a substantial line of business to the bank. The most efficient advertising is that done by an officer of the bank, with the assistance of an experienced bank advertising writer to prepare the copy and plans.

ADVERTISING CRITICISM

Comment on Advertising Matter Submitted for Criticism

MR. C. L. Curry of the advertising department of the Merchants and Mechanics Savings Bank of Grafton, W. Va., writes as follows:

We beg to submit for criticism and comment several newspaper ads which were prepared by the writer for this bank.

We prepare our own layouts, supply copy and indicate type desired, though it is a matter of record that we don't always get what we want.

We should like to trespass upon your abounding good nature to the extent that you go over the ads and tell us frankly what you think of them.

We change our ads weekly. We have a mailing list of 5,000 names covering the same territory. The newspaper advertising is the "opening wedge". We supplement ads with circular letters with name and address filled in on typewriter, which give them all the earmarks of a personal letter.

We also get out a monthly house organ.

We thank you for the anticipated courtesy, and add that the Publicity Department of the "Bankers Magazine is a source of enjoyment and profit to us.

Six of these advertisements are reproduced herewith. They are all good, but no two of them are set up alike. It would be better to adopt a uniform style of typography although the use of the trade-mark gives a certain measure of uniformity to the advertisements. It would be a good idea for this bank to adopt some strong type arrangement of its signature and have electros made to use in all the advertisements. The copy in each of these advertisements is entirely commendable. Every one makes a good point and drives it home. The parody on Hamlet's soliloquy, and the exposition of the bank's trade-mark or emblem are a little out of the ordinary.

ATTRACTIVE BANK LITERATURE

An Important Feature of the Advertising Campaign

ORIGINALITY and general attractiveness are valuable assets in bank booklets. A new, gripping title, a clear, concise statement of facts, an attractive general make-up and a handy form and size are desirable in the booklet.

All this has been embodied in a booklet recently sent out by the People's Savings Bank of Pittsburg. The booklet is entitled, "Something of Interest 4 You," and its contents live up to the statement of its title in every particular. The cover carries the title, printed in dark blue, and brings out prominently the figure "4." This numeral not only forms a part of the title, but also calls direct attention to the fact that four per cent. interest is paid on savings deposits.

The booklet contains twelve pages, exclusive of the cover, and contains a little history of the bank, which was established in 1866; a short dissertation on "Banking made easy"; another page telling prospective customers how they can bank by mail; and a page admonishing one to "think it over." Besides this, there is a double-page reproduction of two pages of a pass book, together with a detachable page to be used in opening an account by mail. The booklet is

A NEAT EMBLEM

original, attractive and unusually comprehensive. What should be said is said plainly and without elaboration or exaggeration. The prospective depositor is furnished with a concrete story of how the bank is conducted, its methods of business, and is presented with reasons why he should open an account, either personally or by mail. Besides that he is furnished with detailed instructions how to proceed and statistics are offered showing the fruits of consistent saving.

The latter feature of the booklet is worth while because it is something that attracts and holds the attention of the average man or woman. It is clearly shown by means of undeniable figures what four per cent. interest will do for weekly and monthly savings. Two tables are given, showing the results of depositing small sums in the bank at four per cent. interest. The value of laying aside a little regularly is strikingly illustrated. It is an instructive lesson and shows that saving is the price of independence.

The customer is informed in simple tabular form that one dollar deposited each week will amount to $293 in five years, $650 in ten years, $1,614 in twenty years and $5,177 in forty years. It shows that two dollars deposited weekly will bring $585 in five years, $1,301 in ten years, $3,228 in twenty years and $10,355 in forty years. And again it shows that five dollars deposited weekly will total $1,462 in five years, $3,252 in ten years, $8,070 in twenty years and $25,888 in forty years.

Below is another table, outlining the same principle of saving and interest and showing how much one dollar, two dollars and five dollars will total in five years, ten years, twenty years and forty years, respectively.

The booklet brings out clearly that there is nothing mysterious about banking, that the old-fashioned stiffness and ceremony have disappeared and that the bank is for the people, that it needs the people's support and the people need the helpfulness of the bank. It also emphasizes the fact that banking by mail is no longer an experiment, that experience has shown its safety, usefulness and convenience. The People's Savings Bank was one of the first institutions in the country that took up the banking by mail idea and this is one of the strongest departments of the bank to-day.

Another Pittsburgh institution, the Farmers Deposit National Bank, got out an unusually beautiful statement folder in November. Underneath the financial statement was a fine half-tone reproduction of a photograph of a farm scene in Western Pennsylvania.

Another attractive piece of bank literature is a booklet issued by the Prudential Savings Bank of Brooklyn, New York City. Half-tones of the bank interior and portraits of officers and trustees are features.

The Ardmore (Pa.) National Bank issues monthly calendar memorandum books of pocket size, each page headed by a quotation from a well-known writer.

The Solicitor, the monthly house organ of the Wachovia Loan & Trust Company, Winston-Salem, N. C., appeared last month in a very tasty Christmas cover in red and green, Santa Claus and the Christmas tree occupying a prominent place. The paper itself is full of "good stuff."

BANKERS AND FINANCIERS OF BY-GONE DAYS

REPRODUCED herewith, through the courtesy of Henry C. Swords, president of the Fulton Trust Company of New York, are the portraits of five eminent bankers and financiers who lived in the latter part of the eighteenth century. They are taken from a remarkable collection of steel engravings, wood cuts and mezzotints that Mr. Swords has gathered together.

The casual visitor to the home of the Fulton Trust Company at 30 Nassau street, New York City, will find many rare and priceless samples of the engraver's art adorning the walls of the various rooms.

A few years ago, at the request of Mr. Swords, Mr. W. Hamilton Benham catalogued this unique collection and prepared a biographical sketch to accompany each portrait. Then Mr. Swords, rightly believing others than himself might be interested, commissioned Mr. Benham to prepare two brief essays on commerce, from the early days of history to the end of the eighteenth century, which have been published in book form together with the portraits here reproduced and several others.

The author in his prefaces does not lay claim to any original research, his purpose being to give busy people a general understanding of trade and the underlying causes of the changes in commercial supremacy.

The lives of these men as set forth in their biographies, reveal their depth of character and high literary attainments. A study of their facial characteristics is interesting and instructive.

Lorenzo de Medici was born in Florence, 1448; a grandson of Cosimo the virtual founder of the famous family. He was called "The Magnificent." He was a great patron of art and letters and his palace was filled with the distinguished *literati* of his time. Superior to his grandfather in culture, he was inferior to him in business

LORENZO DE MEDICI

ability. He was noted for his great expenditures. Absolute tyrant as he was in Florence, yet the affairs of state were conducted successfully by intelligent and experienced men. If Florence must have a despot as ruler, he was probably the best. He died in 1492.

Ridolfo di Bonifazio, an illustrious patriot of Florence, was born in 1370 and died in 1430. His activities seem to have been principally along military lines, but he was

RIDOLFO DI BONIFAZIO

nevertheless familiar with business conditions of his time.

Jean Baptiste Colbert, statesman and financier, was born at Rheims, France, 1619. In 1648 he entered the service of Cardinal Mazarin and became secretary to the Queen in 1654. Mazarin at his death recommended Colbert to the King, who appointed him

JEAN BAPTISTE COLBERT

controller general of finances in 1660. Colbert reformed the finances, and established order and economy in the Government. No minister perhaps contributed so much to the prosperity of France. He promoted commerce and manufactures, opened canals and roads and founded colonies in America. He opposed Louis XIV in his ruinous wars and extravagant expenses. His death occured Sept. 6, 1683.

Sir Thomas Gresham was a celebrated London merchant and founder of the Royal

SIR THOMAS GRESHAM

Exchange. He was born in 1519. What is called "Gresham's Law" is stated as follows: "If a nation attempts to use different forms of currency at the same time, that which has less intrinsic value in the markets of the world will always remain at home. Clipped coin will always stay at home and good coin will go abroad. If two different metals are side by side in cir-

culation, free coinage of the less valuable will drive the other out wholly. When a change in the balance of trade occurs, gold and not silver goes abroad." He died in 1579.

Sir Josiah Child, an English merchant, founder of Child's Bank; born in London

SIR JOSIAH CHILD

about 1630. He was a director in the East India Company and later its chairman and practical autocrat. In 1688 he published "Observations Concerning Trade and the Interest of Money." In this he argued that interest should be reduced and kept low by law. He also wrote a "Treatise on the East India Trade" and other works. Some of his principles are said to be so sound and forcible that they assume the shape of maxims. Died in 1699.

The Fulton Trust Company of New York, recently celebrated its twentieth birthday. It has made a specialty of personal trust business and trust deposits, a very large field, but one in which by reason of its specialized organization, it has been very successful.

At the head of the company stands Henry C. Swords. Associated with him are the following: H. H. Cammann as vice-president, H. W. Reighley as second vice-president and secretary, and Charles M. Van Kleeck as assistant secretary. Those who make up the board of trustees are: Charles C. Burke, Lispenard Stewart, Henry Lewis Morris, Edwin A. Cruikshank, Charles A. Peabody, Douglas Robinson, Charles S. Brown, George G. De Witt, Henry K. Pomroy, J. Roosevelt Roosevelt, Frank S. Witherbee, Robert Goelet, Frederic de P. Foster, Alfred E. Marling, Richard H. Williams, Howland Pell, Archibald D. Russell, Arthur D. Weekes, Charles M. Newcombe, Robert L. Gerry.

Every individual member of this board takes an active interest in the company's affairs, and as may be presumed they contribute generously to its success.

BOOK REVIEWS

Porfirio Diaz, President of Mexico: The Master Builder of a Great Commonwealth. By José F. Godoy. New York: G. P. Putnam's Sons.

Recent events in Mexico give especial interest to this comprehensive biography of the man who has undoubtedly done more than any other to give a stable government to Mexico, and steadily to advance the country along the line of progress.

It is a stirring story that Señor Godoy tells, for Diaz began his public career upon the battlefield, and certainly encountered many accidents by flood and field, as well as hairbreadth escapes.

The volume contains not only a comprehensive account of the career of President Diaz, but much of Mexican history. Of course, the history of modern Mexico is practically comprised in the Diaz régime.

We are told by all apologists for the sterness of the rule of Diaz that it has been necessary—that the character of the people made repression and substantial denial of popular government essential.

In the first years of his accession to power, and perhaps for many years thereafter, that was no doubt the case.

But we are inclined to think that President Diaz may have been more tardy than he should have been in extending the political rights of his people. He has given Mexico a "strong" government, and much to the country's advantage in many ways, for life and property have been protected. But the methods by which this strength has been obtained are becoming a source of weakness, as recent events disclose.

It may be said perhaps with truth that it was essentially the work of President Diaz to lead Mexico out of the darkness of revolution and chaos to the light of peace and progress. He has laid the foundation for entire freedom and the introduction of popular government. If he has delayed the

completion of the work necessary to give his country representative government, it may have been because he knew the time was not yet ripe for it. Possibly, also, it was a work for which by character and experience he was not best fitted. The completion of the structure whose foundations he had so carefully and firmly laid must be left to other hands. Washington, Hamilton, Jefferson and Madison established the Constitution of the United States. It remained for Lincoln and others to destroy slavery and to make the union indissoluble.

One thing is certain: when the impartial story of Mexico's progress is written, full recognition will be given to the courage, patriotism and statesmanship of Porfirio Diaz.

Señor Godoy has presented an interesting and brilliant account of the life of a very remarkable man.

World Corporation. By King Camp Gillette. Boston: The New England News Co.

An extension of corporation ownership so as to include, finally, all the industries of the world, is proposed by the author of this book. We believe it was Edward Bellamy, who, in "Looking Backward," pictured a condition of affairs when the trusts should make such enormous strides in absorbing industries that all business would in the end be swallowed up by a single corporation, owned by the people.

Mr. Gillette seems much impressed by the examples of the Standard Oil Trust and the United States Steel Corporation. He would have a "World Corporation" that would gradually acquire ownership of all industries, but aiming at "the eventual elimination of shares and establishment of system of equity."

While this vast project seems visionary, and many of the proposals hardly to be taken seriously, the book contains a great deal of sense and food for thought. It is a defense of the corporation idea, carrying the principle of consolidation to its extreme limits.

One must doubt, however, if the plan were not impracticable, whether it would prove anything like the panacea the author claims.

"Le Marche Financier." Par Arthur Raffalovich. 1909-1910. Paris, 1910.

This annual publication, by the financial agent of the Russian Government at Paris, contains the usual wealth of material regarding the evolution of money markets, commerce and economic factors in the leading countries of Europe. So wide a field necessarily requires the labor of a number of collaborators, the article on the United States being based upon the records of the Bankers Magazine and other financial publications; that on France being written by Henri Scuhlen; and that on Russia by Mr. Apostol. The imprint of Mr. Raffalovich's broad views and economic training is stamped, however, upon the whole work, and especially upon the general considerations with which he sums up the record of the year and his review of the history of the precious metals and changes in monetary laws, which now affect so directly the problems of international finance. The United States receives a space of fifty-three pages, in which the political and financial problems which have kept the country on the alert are fully and carefully presented.

One of the most interesting aspects of this annual volume is the mirror which it affords of the steady strides of Russia towards a leading position in the economic world, in spite of her military disasters in the war with Japan. The fact that the gold funds of the Bank of Russia increased from about $610,000,000 at the beginning of 1909 to $708,000,000 at the beginning of 1910, is only one of the many things which illustrate the growing power of a country which counts by its latest census 155,000,000 people, of whom 130,000,000 are in European Russia. While the public debt of Russia was increased considerably by the war, a large part of the permanent debt is represented by public works, of which 28,000 miles of railways constitute an important part. The favorable crops of the last two years have contributed much to the prosperity of the masses and have maintained the large favorable balance of trade, which is one of the secrets of Russian financial strength.

A NEW YORK HERALD CANVASS

NEW YORK "Herald" canvass indicates that 286 members of the next national House of Representatives—ninety more than a majority—will favor a reduction in the tariff. Of the 228 Democrats, 177 are for tariff for revenue only and thirty are for a reduction in the Aldrich-Payne schedules, but with the protection principle preserved. Of the 162 Republicans, sixty-one don't want to tinker with the tariff at all. Seventy-nine declare they believe the present law should be revised, but that the protective idea should be kept well in mind.

A NEW LINE OF DEVELOPMENT FOR IOWA

WHAT THE ADOPTION OF THE "WATERLOO WAY" WILL DO FOR THE RENEWED GROWTH OF THE STATE IN POPULATION IN WEALTH AND IN INFLUENCE

By Edward White

"WHAT'S the matter with Iowa?" has probably been asked more times recently than any other question since William Allen White propounded the same pointed interrogatory about Kansas.

What *is* the matter with Iowa, anyhow? Here we have a State with an annual production of live stock and grains greater in value than all the gold taken from the mines of the United States in any seven years of the nation's existence; greater than the value of the total coal production of the United States in any year; in excess of the value of the annual iron output of the entire country; a State with more banks than any other Commonwealth in the Union; a State whose property exceeds in value that of forty-two of the forty-nine States in the Union; a State which embraces the Blackhawk purchase of lands at eight cents an acre, a little more than three-quarters of a century ago, and which now range in price from $100 to $300 per acre; a State with 10,000 miles of railroad, and ranking as the fourth State in the Union in railroad mileage; here we have a State with such a record, a State with such magnificent achievements to its credit, actually losing a portion of its population—actually going backward in the census returns.

It requires no extraordinary powers of discernment to discover that there is really something the matter with Iowa; and yet, the remedy for the State's serious ailment can be just as easily compounded and administered. In the beginning, an established truth must be stated. The rapid or even the substantial growth of a community or State cannot be maintained perpetually upon one resource or one line of development. Neither cotton, nor live-stock, nor lumber, nor mining, nor even agriculture, the world's greatest resource, will place a State in the front rank and keep it there. Large populations are created and sustained by diversity of interests—by interdependent lines of activity. Iowa has reached her present high standing in the sisterhood of States because nature fashioned her advantages for the allurement of only the highest types of humanity. Men and women with brain and brawn and virtue, cast their fortunes with the State, took from its soil the best it could yield, and gave the nation the highest order of citizenship. They carried the State through the vicissitudes of pioneer days, the trying times of the Civil War, and kept it on the onward march until, in the year 1900, Iowa had the greatest farm acreage and the greatest acreage of improved farms of any State in the Union. In 1880 the State had 19,866,541 acres of improved farms. In the next twenty years, or up to the year 1900, more than 10,000,000 acres

were added to its improved lands, while the record of its closest competitor in rank—Illinois—was only a trifle more than 1,500,000 acres. The improved farms of Iowa in 1900 amounted, in round numbers, to 30,000,000 acres, or 88.5 per cent. of all the farm lands of the State—the largest acreage and the largest percentage of any State.

It will thus be seen that the limit of growth as a strictly agricultural State was nearly reached ten years ago. Manufacturing was hardly begun in 1900, and there was not a city in the State with 65,000 inhabitants. With the farms nearly filled with people to operate them, and with little or no inducement for immigration to the cities, it is easy to see how the growth of the State came to an end.

Just the Beginning, However.

But that end is just the beginning of Iowa's most magnificent development—a development that will again place it in the front rank of America's rapidly growing States. This must come through manufacturing, in direct coöperation with the agricultural interests of the State. Future advances in agriculture must come chiefly through improved machinery for its uses, and this improved machinery must, of course, be created and supplied by the manufacturer.

Manufacturing Resources.

With more than 10,000 miles of railroad traversing its domain; two great waterways bordering it on the east and west; millions of tons of coal within a day's shipping distance of its cities; raw material in great abundance for many lines, and with the entire world for a market, Iowa will find it easy to forge its way to the front as a great manufacturing State.

"Waterloo Way" as a Guide.

If there is one city in Iowa that deserves more credit than any other for its part in the substantial upbuilding of the State, it is Waterloo. From 1900 to 1910 its population rose from 12,400 to 27,300, a net gain of 112 per cent. In 1906 its population was 18,849, thus bringing nearly 70 per cent. of its gain of 112 per cent. within the last four years of the decade.

Result of Manufacturing Activity.

This splendid growth was achieved solely through the development of manufacturing. Other lines, such as wholesaling, jobbing, banking, retailing, etc., have made great strides, it is true, but the foundation for the entire development is manufacturing.

THIRD CITY IN STATE IN FINANCIAL STRENGTH

Number of banks	12
Capital, surplus and profits	$1,995,020
Deposits	8,600,000
Loans	7,931,000
Clearings, 1909	40,339,462
Clearings, ten months 1910	49,204,783

Where Every Man Gets a Square Deal.

The last clause in the paragraph just ended might have been extended, and greater force and greater truth added to the statement, by making it read as follows: "The foundation for the entire development is manufacturing *on an honest basis—dealing fairly and squarely with the people.*"

Galloway Financial Plan the Basis for the "Waterloo Way."

There is an element in commercial rivalry—in the competitive system, we may say—that makes men deal honestly with their fellows; that is, keeps men from taking advantage of their fellows in the ordinary transactions of the day. That element is simply self-preservation through the maintenance of a good name. But in the hurry and bustle and struggle of fierce competition, it rarely

occurs that a man comes to the front with a plan that causes him to reach out to his customers and say:

"Here is a part of my profits; take it, for it justly belongs to you."

Principle Underlying the William Galloway Company.

This is the basic principle of the William Galloway Company, manufacturers of farm machinery at Waterloo, Iowa. A close inspection of the company's plants and business methods by the writer revealed the fact that the William Galloway Company does not sell its stock to the farmer in order to secure his patronage. In fact, it goes to the opposite extreme of such methods by placing its stock with the farmer after he has become a customer only, and then not through personal solicitation of any kind. The company does not stand in need of financial assistance in the manufacture of its goods. It has ample capital with which to prosecute its business, and only places a certain portion of its preferred stock with the farmer for the purpose of carrying its profit-sharing plan to the farthest limit. Every share of preferred stock thus disposed of carries with it an assurance of a six and one-half per cent. dividend per annum; and not a dividend has been passed since the company's organization in 1906.

Scientific and Practical Profit Sharing.

The profit-sharing plan of the William Galloway Company embraces two distinct features, as follows:

First—By carrying its goods direct from the manufacturer to the farmer, the company is enabled to give the lowest possible

FINANCIAL STRENGTH OF THE WILLIAM GALLOWAY COMPANY AFTER FOUR YEARS' EXISTENCE

June 30, 1910

Assets

Property account, less depreciation	$619,821.96
Investment accounts	2,990,795.35
Current assets, including merchandise, bills receivable, and cash in bank	405,205.16
Total	$4,015,821.57

Liabilities

Capital stock, authorized	$3,500,000.00
Surplus and reserve	265,309.06
Current liabilities	190,585.36
Fund for retirement of preferred stock	38,300.00
Dividend, paid July 10	21,627.15
Total	$4,015,821.57

net price to the consumer, regardless of his participation or non-participation in the affairs of the company as a stockholder.

Second—By taking the farmer into partnership, the company is enabled to share with him its profits through dividends on his stock and discounts on all machinery sold either to him or to his neighbros through his recommendations.

THE ESSENCE OF COMMON SENSE AND COMMON HONESTY.

Thus it will be seen that the rock upon which this company stands is not only one of great firmness and solidity, but of fundamental soundness in principle. The farmer is not asked to co-operate by handing his money over to the company and taking his chances on getting back either interest or principal. His dividends begin on the first dividend day after his purchase of stock, and the fact that the stock is interest bearing from the beginning gives it an intrinsic value almost equal to any investment of the highest class. The company's financial statement shows that its tangible assets (visible property), even though conservatively stated, are $705,000 in excess of its liabilities, and its annual showing, if the growth of sales makes it clear that while it has, through careful management, prospered in the past, its actual prosperity has just begun. The lesson of co-operation between the farmer and the manufacturer is just being learned, and the necessities of both can only be met by a strict observance of the co-operative plan. We have thought that the development of the past is indeed wonderful, but it is now plain that the future has even greater things in store for us, and we must prepare for them.

WHAT THE WILLIAM GALLOWAY COMPANY IS.

In 1901, William Galloway, who, after quitting life on a farm about two years previously, had been acting as a sales agent for an implement concern, conceived the idea of manufacturing harrow carts and selling them on a mail order basis, for the purpose of eliminating huge profits which ordinarily go to a long line of middlemen. The venture was successful, and Mr. Galloway turned his attention to manure spreaders and gasoline engines, manufacturing them and selling them on the harrow cart plan. Other lines were added from time to time and the sales grew rapidly. In 1906 the business was incorporated as the William Galloway Company, with a capital of $200,000. The capital has been increased at various times, until it is now $3,500,000, over $2,700,000 of which is paid in.

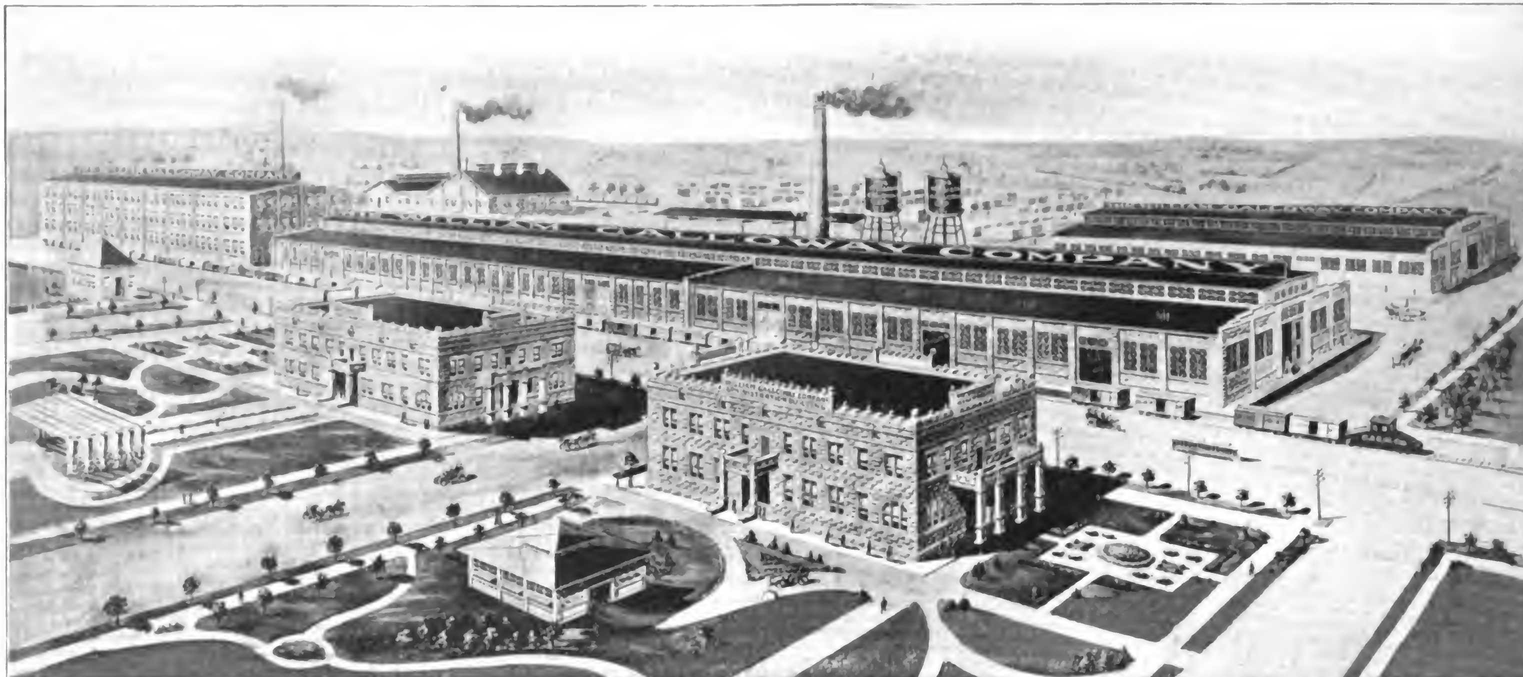
The business has increased until the company is now the largest manufacturing mail order house in the world, with customers in every State in the Union, besides Canada, Mexico, Australia and other foreign countries.

NATURAL EXPANSION.

Co-ordinately with the increase in the capitalized strength of the William Galloway Company has been its expansion in articles manufactured and in the general capacity of the plants. In addition to harrow carts, manure spreaders, gasoline engines and cream separators, the company now has automobiles, hay tools and other farm implements on its list of products. Some idea of the capacity of the plants may be gleaned from the fact that thirty gasoline engines are turned out every day, or at the rate of one every fifteen minutes.

GROWTH OF ANNUAL SALES

Year ending June 30, 1907	$175,000.00
Year ending June 30, 1908	488,500.00
Year ending June 30, 1909	865,037.70
Year ending June 30, 1910	1,721,557.03
GAIN IN LAST YEAR	856,519.33
Year ending June 30, 1911, estimated from present rate of increase in monthly sales...	3,250,000.00



ONE RESULT OF THE "WATERLOO WAY"—FACTORIES AND ADMINISTRATION BUILDINGS OF THE WILLIAM GALLOWAY COMPANY, WATERLOO, IOWA

EARNINGS PER YEAR

1907....	$9,103.00	Paid in capital....	$100,000.00
1903....	60,056.00	Paid in capital....	200,000.00
1909....	176,259.00	Paid in capital....	400,000.00
1910....	273,334.00	Paid in capital....	2,700,000.00

Dividends on Common Stock Have Never Been Less Than Ten Per Cent.

More About the Capitalization.

The capital stock of the company is divided as follows:

Common, 25,000 shares, at $100......	$2,500,000
Preferred, 10,000 shares, at $100.....	1,000,000
Total	$3,500,000

The preferred stock draws six and one-half per cent. interest, payable semi-annually, on January 30 and June 30 of each year, is a lien on all the net assets of the company, and is redeemable after July 1, 1912, at $103 per share and accrued interest, at the option of the company. This stock is offered for sale at $100 per share, each purchaser being entitled to a bonus of one five per cent. profit-sharing coupon certificate, numbered identically with the stock certificate. Any order for Galloway goods, whether the order is made by the stockholder or some neighbor or friend of his, that is accompanied by one of the five per cent. profit-sharing coupons of the certificate, entitles the stockholder to a credit of five per cent. on the total amount of the purchases.

The future value of the Galloway stock may be predicted by the fact that the company's volume of business for the first four years of its existence equaled that of the Sears-Roebuck Company, the great mail order house of Chicago, for a similar period, and was in excess of the business of Montgomery, Ward & Co., another great mail order house of Chicago, at the end of its first fifteen years.

The Impression of a Disinterested Observer.

A stranger spending a day inspecting the factories and business system of the William Galloway Company cannot fail to be impressed with many ideas of great value. If he is fortunate enough to spend a few moments in the presence of Mr. Galloway, the president, before beginning his tour of inspection, he is sure to get from that personality a pretty good impression of what his eyes are to behold in the offices and factories. A few of Mr. Galloway's earnest, practical, mind-piercing sentences, a few glances from his penetrating eyes, and the visitor has taken on the Galloway spirit and been inspired with the bigness of the Galloway system. Then as he travels through

FOUR YEARS' SAVING TO THE FARMER

Total sales, four years	$3,250,094.73
Amount of saving to farmers at about one-half of trust prices	2,650,000.00
Estimated sales, current year	3,250,000.00

WILLIAM GALLOWAY

PRESIDENT WILLIAM GALLOWAY COMPANY, WATERLOO, IOWA

the various departments in the big office building, where 180 people are busy carrying forward the work of the company; then slowly tramps through the huge factories filled with up-to-date machinery and tools and manned with skilled artisans in every line—as he passes through these interesting places, he absorbs it all with perfect ease, because he was prepared for it by the impression given him by Mr. Galloway.

ECONOMY MOST IMPRESSIVE OF ALL.

In a trip of this kind there are many things to interest and impress the visitor. The writer was most impressed with the economic features of the system. On every hand at almost every turn economy was manifest. Office appliances and systems were apparently installed with two objects in view—that of increasing the efficiency of the working force and economizing the materials used. The same rule was applied to the foundries, the machine shops, the assembly rooms, the shipping departments, and in fact every nook and corner was permeated with one ruling spirit—economy.

WILLIAM GALLOWAY, THE MAN.

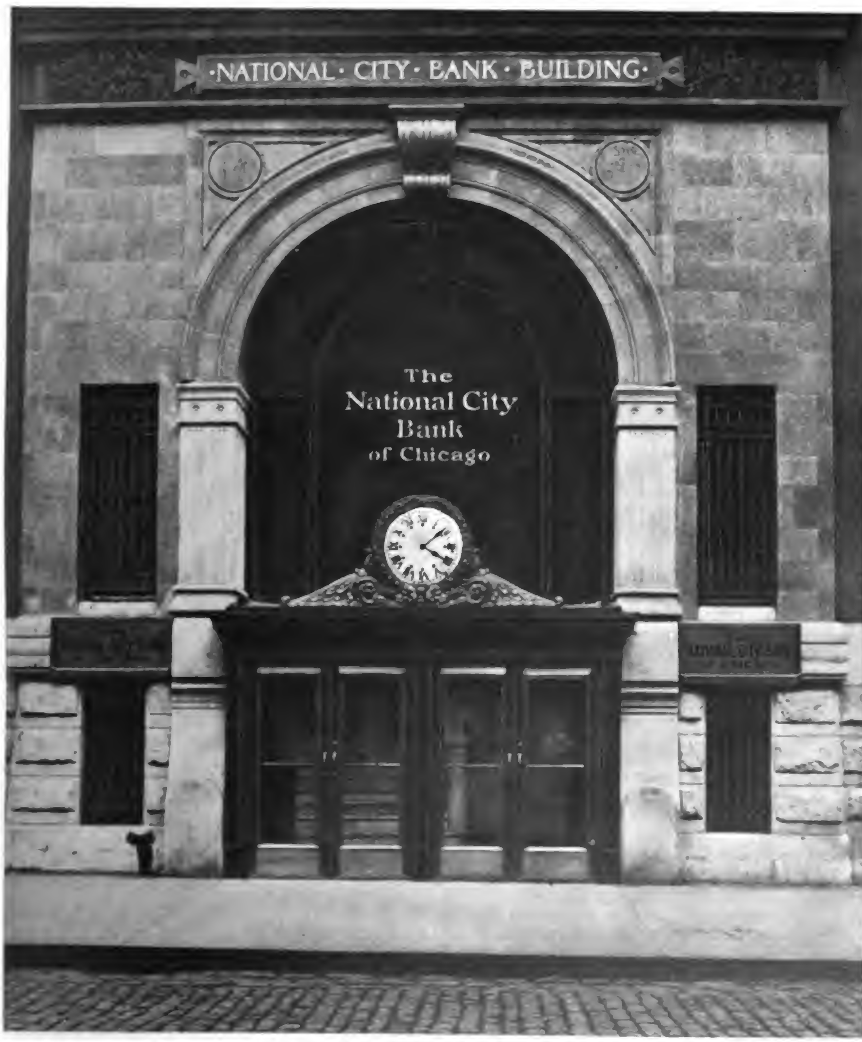
William Galloway, the founder and present executive head of the William Galloway Company, is the type of man that makes the people wish the world were full of his kind. Added to a character of unusual strength and a business capacity of great intrinsic value, is a breadth of commercial and industrial vision rarely found in any man. He is not a dreamer in any sense, and is therefore enabled to grasp from the right angle every problem that confronts him. Confidence reposed in him is never lost.

THE NATIONAL CITY BANK OF CHICAGO

EIGHTEEN months ago THE BANKERS MAGAZINE commented on the unprecedented achievements of the National City Bank of Chicago. At that time, in calling attention to the bank's extraordinary growth, this remark was made: "It has come to be recognized as one of the leading banks of the Middle West and a powerful factor in the trade and commerce which centre around Chicago."

That there was no overestimation of the latent strength or standing of this twentieth-century institution is now a matter of public knowledge. Smashing all previous records for growth, it has achieved one success after another and to-day commands the confidence and respect of the entire banking fraternity.

The National City Bank of Chicago was organized by David R. Forgan, who resigned



MAIN ENTRANCE

A VIEW OF THE MAIN BANKING ROOM, SHOWING THE SPACIOUS PUBLIC LOBBY

David R. Forgan
PRESIDENT

the vice-presidency of the First National Bank of Chicago to engage in that work. By many, Mr. Forgan, who has been president since the opening day, is looked upon as a financier of more than ordinary ability; certainly he and his fellow officers have shown excellent judgment in their direction of the bank's policies.

On February 5, 1907, the opening day,

H. E. Otte

VICE-PRESIDENT

deposits of $2,198,337.25, were received; to-day the deposits will exceed $25,000,000. This, in brief, is the achievement already referred to as unprecedented in the annals of banking. And there has been no violation or disregard of the principles of sound finance in order to reach this result. It represents the working out of well-defined, conservative policies, endorsed and supported by precedent.

There is every indication that the bank's capitalization of $1,500,000 will very shortly be increased to $2,000,000—thus furthering the ambitious plans of President Forgan and his board of directors.

On February 23, 1910, the Hamilton National Bank was absorbed. This move brought new business and swelled the volume of deposits, so that a report issued on the thirtieth of last June set them down as $23,106,648.27; by November 10, 1910, there had been a further increase of deposits large enough to bring the total up to $24,474,896.06. On this latter date a condensed report placed the bank's total resources as high as $27,190,873.87.

As evidencing free and uninterrupted growth from the commencement of business, the following comparative deposits is given:

February 5, 1907	$2,198,337.25
May 20, 1907	5,144,243.10
February 14, 1908	7,245,267.59
September 23, 1908	9,270,496.63
February 5, 1909	12,612,507.53
September 1, 1909	14,309,364.86
June 30, 1910	23,106,648.27
November 10, 1910	24,474,896.06

New Equipment.

In these days when Dispatch is the watchword, and absolute accuracy is a requisite to success, a bank must have facilities commensurate with the magnitude of the business it transacts. This calls for modern and commodious quarters.

For some time prior to the spring of 1910 the rapidly expanding business of the National City Bank of Chicago had necessitated a removal to larger and more convenient quarters. There was no hesitating, once the actual need of more room became apparent. A lease was signed for the entire main floor of the building at the southeast corner of Dearborn and Monroe streets, and the work of making it suitable for occupancy was begun immediately.

On September 17 last the new quarters were thrown open to the public. The main banking room measures 84x128 feet, and there is also a balcony 44x88 feet, thus accommodating a large clerical force. Terra cotta of granite finish covers the exterior of the building.

All the floors throughout the interior are of white marble, while mahogany is utilized for counters and other furniture. Sixteen caen stone columns support the ceiling over the main banking room. They add materially to its attractiveness, which is further enhanced by the use of bronze, marble and mahogany fixtures.

The president's room is spacious and handsome and is tastefully furnished. Several time-saving systems have been installed in the new quarters, one of them being in the tellers' cages, where card files are placed

F. A. Crandall
VICE-PRESIDENT

L. H. Grimme
CASHIER

W. D. Dickey
ASSISTANT CASHIER

A. W. Morton
ASSISTANT CASHIER

W. T. Perkins
ASSISTANT CASHIER

Henry Meyer
ASSISTANT CASHIER

Wm. N. Jarnagin
ASSISTANT CASHIER

R. U. Lansing
MANAGER BOND DEPARTMENT NATIONAL CITY BANK OF CHICAGO

PRESIDENT FORGAN'S DESK

VICE-PRESIDENT OTTE'S PRIVATE QUARTERS

THE BOARD ROOM

BOND DEPARTMENT

on revolving standards in such a manner that access may be had to them from the outside.

The bond department occupies spacious quarters in the southwest corner of the banking floor. It is in charge of R. U. Lansing, who, as manager, has evolved an investors' service that is making the department very successful.

The National City Bank of Chicago, soon to celebrate its fourth birthday, has the following competent officers: David R. Forgan, president; Alfred L. Baker, vice-president; H. E. Otte, vice-president; F. A. Crandall, vice-president; L. H. Grimme, cashier; W. D. Dickey, assistant cashier; A. W. Morton, assistant cashier; W. T. Perkins, assistant cashier; Henry Meyer, assistant cashier; William N. Jarnagin, assistant cashier; R. U. Lansing, manager bond department.

With respect to its directors it would be hard to find a more representative board than the following: Alfred L. Baker, of Alfred L. Baker & Co.; Ambrose Cramer, trustee estate of Henry J. Willing; Edward F. Carry, vice-president American Car and Foundry Company; A. B. Dick, president A. B. Dick Company; E. G. Eberhardt, vice-president and general manager Mishawaka Woolen Manufacturing Co., Mishawaka, Ind.; Stanley Field, vice-president Marshall Field & Co.: David R. Forgan, president; F. F. Peabody, president Cluett, Peabody & Co.; H. A. Stillwell, vice-president Butler Bros., Chicago; John E. Wilder, vice-president Wilder & Co.; H. E. Otte, vice-president.

Established in its new home, the friends and admirers of the National City Bank of Chicago may expect to seen more records fall by the wayside as the years progress.

OFFICERS' QUARTERS

THE CHATHAM NATIONAL BANK BUILDING, BROADWAY AND JOHN STREET, NEW YORK

THE CHATHAM NATIONAL BANK OF NEW YORK

FOR more than sixty years the Chatham National Bank has ministered to the needs of mercantile New York and also looked after the interests of hundreds of correspondents throughout the country. From the day of its organization as the Chatham Bank in 1850, it has been pre-eminently a business man's bank and as such it is known to-day.

In 1860, five years before a Federal charter was secured, the Chatham Bank located on the corner of Broadway and John street, directly opposite from its present home in the Corbin Building. Just prior to 1870 it erected the building 196 Broadway, which was occupied until the present commodious quarters were ready in June of 1889.

The Chatham National stands alone. Not being affiliated with any other institution, it has not the disadvantage of being the "unit of a series" or a "link in a chain." For that reason its resources are ever at the service of depositors for the requirements of legitimate business.

Relieved from entangling alliances with other banks, such an institution has only its own customers to serve. It thrives when they thrive. Having no other interests, its first thought is of them. Its success is founded on the theory that mercantile borrowers, of all others, are entitled to accommodation. They come first, never last.

These principles of conservative banking have governed the development of the Chatham National from the start. They explain its up-building through half a century. They suggest its future policy.

The Chatham's original capitalization of $150,000 has never been changed, but according to the latest available statement of this conservative institution, the surplus has been increased to $1,000,000.

With the bank of moderate capitalization the personal equation looms large. It must. In the bank of moderate size, the customer comes in daily contact with the officers. He deals with them direct and upon their attitude, friendly or otherwise, he forms his opinion of the bank.

There is, in the Chatham National, the most cordial feeling between customers and members of the official staff. From president down to teller this plane of equality is maintained, and much of the success achieved by the bank during its long career can be attributed to this very thing.

President Kaufman a Michigan Product.

Always progressive, the Chatham's board of directors very naturally have selected a progressive banker to be their president. This action was taken last August, at which time Louis G. Kaufman succeeded George M. Hard, who retired to become chairman of the board.

Mr. Kaufman has not yet reached his fortieth year. His reputation as a banker was made in his native State of Michigan; it was there he first became known to the fraternity. For the past four years he has been directing the affairs of the First National Bank of Marquette, Mich., and continues to-day as its president. When nineteen years of age he entered the employ of the Marquette County Savings Bank as a messenger, and thereafter was closely identified with the banking business in Marquette until he received his call from New York.

Louis G. Kaufman

PRESIDENT CHATHAM NATIONAL BANK OF NEW YORK; PRESIDENT FIRST NATIONAL BANK OF MARQUETTE, MICH.

Mr. Kaufman served in all positions in the Marquette County Savings Bank, exhibiting such aptitude that in 1898 he was made cashier-manager. He went to the

MAIN BANKING ROOM

OFFICERS' QUARTERS

DIRECTORS' MEETING ROOM

First National Bank of Marquette as vice-president in 1901, and after filling this office with distinction for five years, was elected president in 1906. He is an active worker in the American Bankers' Association, being at present a member of the executive council and has served as president of the Michigan Bankers' Association. He is an expert judge of commercial paper and has for several years looked after the purchase, here in the East, of securities for a number of Western banks.

Under the presidency of Mr. Kaufman, there has been a gratifying increase in the volume of business transactea by the Chatham National Bank. Since the tenth day of June, 1910, the resources of the bank have expanded as here set forth:

June 10, 1910	$10,851,554
Sept. 1, 1910	11,864,082
Nov. 10, 1910	12,139,576

Further comment than this it is not necessary to make—the healthy, sound condition of the Chatham National Bank of New York is an obvious certainty.

JAPANESE BANKS

THEY HAVE MORE FUNDS THAN THEY CAN PROFITABLY USE

VICE Consul General E. G. Babbitt of Yokohama sends to Washington the following condensation from a Japanese journal regarding banks in that empire: While the net profits of some of the smaller Tokyo banks showed a falling off during the first six months of 1909 as compared with the 1908 period, business results on the whole were satisfactory. The Dai-ichi, the Tokai, the Tokyo and the Mitsu Bishi maintained their ten per cent. dividend rates, and the Dai-san its twelve per cent. rate.

The total amount of deposits at the associated banks of Tokyo, Yokohama, Nagoya, Kyoto, Osaka and Kobe at the end of June last showed an increase of $35,000,000 gold on the corresponding period of last year and the reserves also showed an increase of $4,350,000. In short, the financial power of the banks in these cities has grown by nearly $40,000,000 compared with last year, inasmuch as the amount of loans has not only failed to advance, but has actually shown a diminution of $750,000.

With regard to the profitable employment of funds in their hands in the future, continues the Tokyo journal, the bankers would seem to be much perplexed. No fresh demand for capital has sprung up, neither is any likely to occur to a large extent for the present. On the contrary, there are factors tending to accentuate the inactivity of the market. They are confronted with the necessity of finding a fresh way of profitably utilizing the rapidly growing funds, and this is generally conceded to be a most difficult problem in existing circumstances.

BANKING AND FINANCIAL NOTES

BANKERS IN CONVENTION AT CHICAGO.

Representatives of the transit departments of banks in several of the largest cities in the country met December 12 at the Chicago Clearing House for a discussion of the question of using certain designated symbols on checks and drafts in transit to minimize the work of handling them. Several different systems are now in use among the banks of the country. It is hoped to devise one single system that will be satisfactory to all.

The meeting was called by direction of the clearing-house section of the American Bankers' Association. It was opened by Ralph Van Vechten, vice-president of the Continental-Commercial National Bank of Chicago, who is chairman of the executive committee of that section. Fred E. Farnsworth, general secretary of the Association, acted as temporary secretary and continued to assist at the meeting after its business had been turned over to the transit managers present. They selected as chairman J. W. Hoopes, secretary of the Texas Bankers' Association, and as secretary C. R. McKay of the First National Bank of Chicago. Other representatives present were:

Chicago—W. G. Shroeder, Continental and Commercial National Bank; J. A. Walker, Corn Exchange National Bank. Philadelphia—O. Howard Wolfe, Philadelphia National Bank. Boston—C. H. Marston, National Shawmut Bank; Stanton D. Bullock, First National Bank. Pittsburgh—Brown A. Patterson, Second National Bank. St. Louis—H. C. Burnett, National Bank of Commerce. New Orleans—Mauritz Pyk, Whitney-Central National Bank. Minneapolis and St. Paul—J. G. M'Lean, Security National Bank, Minneapols. Cleveland—Carl A. Palmer, First National Bank. Denver—Karl H. Woodward, Colorado National Bank; George M. Hauk, First National Bank. Texas—C. J. Grant, American Exchange National Bank, Dallas; Forrest Mathis, Commonwealth National Bank, Dallas.

CHARLES H. IMHOFF VICE-PRESIDENT MERCANTILE NATIONAL OF NEW YORK.

Charles H. Imhoff, formerly vice-president of the Chatham National Bank, has been elected a vice-president of the Mercantile National Bank. Mr. Imhoff came to New York from Lincoln, Neb., and associated himself with the Ninth National Bank, which was later taken over by the Citizens' Central Bank consolidation. He then became the head of the bond department of

Harriman & Co. Mr. Imhoff stands high in the financial community of New York and elsewhere, being particularly well known in banking circles of the West. With the resignation of Miles M. O'Brien as vice-president and director of the Mercantile, Mr. Imhoff has also been made a member of the board.

CINCINNATI BANKS IN CURRENCY ASSOCIATION.

Eight national banks of Cincinnati and two of Norwood, O., will combine shortly in the formation of the Cincinnati National Currency Association, fashioned after similar organizations formed in the principal cities of the country, under the authority of the Aldrich-Vreeland bill. The ratification of the plans by the directors of the banks is all that remains to complete the new system. Charles A. Hinsch, president of the Fifth-Third National, is expected to be chosen president of the new organization.

NEW YORK CHAMBER OF COMMERCE.

At the recent regular meeting of the Chamber of Commerce, Maurice L. Muhleman, representing the delegates to the National Monetary Conference, submitted a report to the consideration of the Chamber, in which the central bank idea, as a means of improving the American currency and

The Officers and Directors
of the Fourth National Bank of the City of New York
request the honour of the company of the
Officers and Directors of the
Bankers Publishing Co.
at an inspection of the new banking rooms
on Nassau Street from Pine Street to Cedar Street
on the afternoon of Saturday, the seventeenth of December
One thousand, nine hundred and ten
between two and seven o'clock

THE FOURTH NATIONAL BANK OF NEW YORK IS NOW ESTABLISHED IN ITS NEW HOME IN THE BLOCK ON NASSAU STREET, EXTENDING FROM PINE TO CEDAR STREET. MANY THOUSANDS OF THE BANK'S FRIENDS HAVE VISITED THE BANK'S HANDSOME QUARTERS IN RESPONSE TO THE ACCOMPANYING INVITATION

banking system, was substantially favored. The report was adopted.

This is the third time the Chamber has gone on record as in favor of a central institution. In 1840 and again in 1906 that body approved reports of special committees recommending a central bank.

The report urges the Chamber to renewed action to accomplish the establishment of some plan which, while maintaining its independence of individual banks, will serve, as do the central banks of Europe, to assure stability to credit and security to business.

MORISON PRESIDENT CLEVELAND AD CLUB.

The importance of bank advertising is emphasized by the election of Francis R. Morison as president of the Cleveland Ad Club. Mr. Morison is a well-known financial publicist and the club has 350 members. The chairman of the press committee, in speaking of the new president, who has had eighteen years of experience in banking and has made an exhaustive study of bank advertising, says:

"As the leader and, in fact, the originator in this country of progressive, yet always dignified and conservative bank advertising, Mr. Morison has been instrumental in bringing about a complete revolution in his chosen field of endeavor, and through his constant enterprise and advice many banks and bankers are now receiving the benefits to be derived from systematic, intelligent advertising who formerly looked upon bank publicity as an undignified scheme not to be undertaken by any self-respecting institution. The Cleveland Advertising Club is to be congratulated on securing Mr. Morison's acceptance of its president's office."

NEW ASSISTANT SECRETARY U. S. TREASURY.

Robert O. Bailey has accepted the offer to become Assistant Secretary of the United States Treasury to succeed Charles D. Hilles, whose resignation will take effect in March. Mr. Bailey is at present Secretary to Franklin MacVeagh, Secretary of the U. S. Treasury.

NATIONAL CITY BANK, CHICAGO, INCREASES CAPITAL.

Directors of the National City Bank of Chicago approved the recommendation of President David R. Forgan for the increase

of the bank's capital from $1,500,000 to $2,000,000. The vote of the directors is subject to the approval of the stockholders at the annual meeting in January. By the plan outlined the $500,000 new stock will be offered the stockholders at par, up to 33 1-3 per cent. of their present holdings.

NEW MILWAUKEE BANK.

The Merchants and Farmers State Bank, capitalized at $65,000, Fifth street and Green Bay avenue, has opened for business in a building which cost $20,000. The officers are: President, Frank C. Fischer; vice-president, P. F. Leuch; secretary to board of directors, Edwin J. Krause; cashier, Ernest C. Kambe, and teller, John P. Bliffert.

WOMAN ELECTED BANK OFFICER.

Miss Margaret E. Lowery was recently elected assistant secretary of the Boone County Trust Co. of Columbia, Mo. F. L. Johnson has resigned to become the assistant secretary of the American Trust Co. of Kansas City, Mo.

ANNUAL MEETING CONNECTICUT SAVINGS BANK.

Miles Newton Peck, treasurer of the Bristol Savings Bank, presided over the eighth annual meeting of Connecticut Savings Bank Club, recently held in Hartford. Arthur T. Nettleton, of the Newtown Savings Bank, acted as secretary. Costello Lippitt, Treasurer-elect of the State of Connecticut, Bank Examiner Charles H. Noble and W. P. London, secretary of the bank commissioners, were present as guests of the bankers. Bank Examiner W. S. Lippitt was unable to be present.

Mayor Edward L. Smith of Hartford and Alfred L. Aiken, president of the Worcester County (Mass.) Institute for Savings and vice-president of the Savings Bank Section of the American Bankers' Association, were guests and made addresses. The Mayor dealt wittily and seriously with the position of the bank men in the community, while Mr. Aiken's subject was "The Philanthropic Aspect of the Savings Bank." Treasurer-elect Lippitt was called upon for a few remarks.

The following officers were elected: President—W. H. Catlin, of Meriden; vice-presidents—Edwin S. Hunt, treasurer Waterbury Savings Bank; Frederick A. Ells, treasurer Norwich Savings Society; Carleton H. Leach, treasurer Farmers and Mechanics', of Middletown; secretary—Arthur

T. Nettleton, Newtown Savings Bank; treasurer—Leroy Harwood, treasurer Mariners' Savings Bank, New London; executive committee—Isaac W. Brooks, Torrington; Miles Lewis Peck, Bristol; Charles F. Harwood, Stafford Springs William E. Attwood, Burritt Savings Bank, New Britain; George S. Rowe, Winsted.

GEO. F. SEWARD, PRESIDENT FIDELITY AND CASUALTY COMPANY DIES—WAS IN HIS SEVENTIETH YEAR.

George Frederick Seward, president of the Fidelity and Casualty Company of New York, and one of the best known insurance men in the United States, died November 28. He was born in Florida, N. Y., in 1840, and was educated there at Seward Institute, which had been founded by the family, and in 1856 he entered Union College, of which he, later in life, became a trustee and received the degree of LL.D., Mr. Seward's grandfather was a colonel in the Revolutionary army and his uncle, William H. Seward, served in President Lincoln's Cabinet as Secretary of State.

When he attained his majority Mr. Seward was appointed United States Consul to Shanghai and later Consul General with jurisdiction over all American Consuls in the Chinese Empire. In 1875 he was appointed United States Minister Plenipotentiary and Envoy Extraordinary, which was then the highest rank in the American Diplomatic Service. During his service in China Mr. Seward received the Order of the Knights of Danebrog from the Danish Government in recognition of services rendered while acting as American Consul General and also the Decoration of the Dragon of Annam from the French Government for services rendered during the French riots at Shanghai.

On his return to this country he wrote a book called, "Chinese Immigration and its Social and Economic Aspects," which embodied the results of his investigations and experiences as president of the North China Branch of the Royal Asiatic Society, an office which he held from 1865 to 1867.

In 1887 Mr. Seward became vice-president of the Fidelity and Casualty Company of New York and six years later he became its president, an office that he retained till the time of his death. His success in the insurance business became so marked that he was speedily recognized as an authority in casualty insurance in the United States.

CHANGES IN DES MOINES BANKS.

David A. Byers has resigned as cashier of the Century Savings of Des Moines, Iowa, and Horace S. Hollingsworth has also resigned as assistant cashier of the Valley National Bank of Des Moines. Mr. Byers becomes casier of the Iowa Savings Bank, which is being organized by himself and others at Los Angeles. Mr. Hollingsworth becomes secretary of the Des Moines Associated Charities and will engage in charitable work hereafter.

ALABAMA BANKERS TO HOLD EARLY CONVENTION.

The nineteenth annual convention of the Alabama Bankers' Association will be held

New York, December 8th 1910

The undersigned announce that they have formed a co-partnership under the firm name of

Fisk & Robinson

with offices at

26 Exchange Place

where they will transact a general banking business, dealing in United States Government, Municipal and Railroad Securities.

Harvey E. Fisk
George H. Robinson
Thomas G. Cook

Members of the New York Stock Exchange

FRIENDS OF THE WELL-KNOWN INVESTMENT BANKING-HOUSE OF FISK & ROBINSON, NEW YORK, WILL BE PLEASED TO READ THE ANNOUNCEMENT, PUBLISHED HEREWITH, SHOWING THE REOPENING OF THAT FIRM FOR BUSINESS

at Montgomery, January 18 and 19, 1911. The meeting was moved up four months earlier than usual to facilitate passage of the Bank Code which has been prepared by the committee and which will be submitted to the Legislature when it convenes January 10. The programme will be largely confined to a consideration of the bill. The Montgomery Clearing House, as host, will provide the same character of social entertainment that has made Alabama conventions so pleasant in the past.

Owing to lack of time invitations will not be sent out so widely as customary, but Alabama will welcome visiting bankers from all sections. The association expects little

difficulty in passing the proposed legislation, which it confidently counts to be the best bank bill ever drafted in America.

TO PROTECT BANK CASHIERS.

Mitchell E. Frank, an engineer of Sheboygan, Mich., recently secured a patent on a device for the protection of banks and homes against robbery. By pressing a button a bank cashier traps the would-be robber and places himself behind the protection of an armor-plate shield. Mr. Frank is very reticent about his invention, evidently intending to perfect it before giving out further particulars.

NEW BANK IN NORFOLK, VA.

Norfolk's new bank, the Virginia National, began business November 16, 1910, starting with a capital of $500,000 and a surplus of $100,000. The institution has been formed by interests in the Virginia Bank & Trust Company of Norfolk, and the same officers direct the affairs of both. The new bank takes over the commercial business of the trust company, the latter confining its attention to savings, trusts, estates and bond features. The management of the bank, identical with that of the trust company, consists of James W. Hunter, president; John L. Rope and William C. Whittle, vice-presidents; Hugh G. Whitehead, cashier, and Washington Reed, assistant cashier. The trust company was established in 1902 with $100,000 capital and was at first known as the Virginia Savings Bank & Trust Company; in 1906 it increased its capital to $200,000 and changed its name to the Virginia Bank & Trust Company, Inc. In 1907 the capital was raised to $600,000, and in August of the present year, when the movement to organize the national bank was under way, the company's capital was reduced to $100,000.

AMORTIZATION IN A NEW SENSE.

Statements issued by a group of public service corporations financed by the firm of Bertron, Griscom & Jenks of Philadelphia and New York, contain a charge which is not usually embodied in income accounts. The item is termed "amortization," a word which is generally applied to sinking funds, whereby a portion of earnings is set aside periodically to meet a future contingency, such as the maturing of a funded debt.

Amortization, as applied by the firm named, has a broader significance, the purpose being to set aside a portion of the earnings of a corporation to meet extraordinary expenditures and depreciation.

Discussing this subject a member of the firm said:

"Perhaps the best illustration of the ad-

vantages of charging off a sum monthly for amortization may be found in the case of a bridge which a trolley railway is using. Yearly the bridge deteriorates and at length there comes a time when it must be replaced at considerable expense. Instead of deducting from earnings the cost of the new bridge erected to replace the one demolished, during the year when the replacement occurs, the expense is spread over a number of years.

"In this way earnings available for dividends are not reduced to an extraordinary extent because the company is compelled to make an unusual expenditure in a single year. It might occur that the extraordinary expenditure would have to be made in a lean year, when earnings were not up to the customary standard, in which case the net surplus would be curtailed to an embarrassing extent; but with a fund created to meet the contingency the expenditure may be made without making an inroad upon current earnings which might be detrimental to the stockholders.

"The public service commission of the State of New York requires that a charge be made for amortization by public service corporations operating in that State. We have a number of such companies in New York and, of course, comply with the regulations of the commission. For the purpose of having a uniform system of accounting, we have adopted the principle for all public service corporations coming under our control, whether located in New York or not. We have done this also because we believe that it is a conservative policy to adopt, as it safeguards the interests of investors.

"The public service commission of New York does not have a rigid rule which requires the application of a certain percentage of earnings for the purpose from all companies. Each corporation is judged by itself and by the peculiar conditions surrounding it. We arrive at the amount to be charged off for amortization by deducting a certain per cent. of the gross earnings. The hardship worked is during the first year that the system is put into operation, as comparison will be made in the statements with the preceding year when amortization was not applied. After the system has been in use for a year future comparisons will be upon the same basis."

SAVINGS BANKS IN NEW YORK CITY TO PAY FOUR PER CENT.

The trustees of the Seaman's Bank for Savings, the Emigrant Industrial Savings Bank and the Metropolitan Savings Bank

of New York will maintain the four per cent. interest rate on deposits for the next six months to January 1. The Greenwich Savings Bank will continue the policy, adopted with the July declaration, of paying interest at the rate of four per cent. on accounts up to $1,000 and three and a half per cent. on sums in excess of $1,000. The Citizens' Savings Bank and the Union Dime Savings Bank, which lowered their rates in July from four to three and a half per cent., have announced that the lower rate will be continued at this time. None of the Brooklyn savings institutions has thus far made any change from the four per cent. rate, the several banks which have already taken action in the matter having adhered to that amount, including the Brooklyn Savings Bank, the Williamsburgh Savings Bank, the South Brooklyn Savings Institution and the Sumner Avenue Savings Bank.

NATIONAL BANK CASHIERS MEET.

Fifty-three cashiers and assistant cashiers of national banks of Massachusetts attended the recent meeting of the National Bank Cashiers' Association of Massachusetts at Worcester. An informal meeting was followed by a dinner, after which topics of mutual interest were discussed. President C. L. Brigham was in the chair.

There were ten subjects on the programme. B. W. Guernsey of Wellesley talked on "The Best Method of Collecting Checks Throughout the Country, on Which Boston and New York Correspondents Charge Exchange"; J. H. Gifford of Salem on "Newspaper Advertising; Does It Pay for Banks?" W. A. Mackie of New Bedford, on "If Checks Deposited by Customers Are Lost by Correspondents Before Collection, Should the Customer Suffer the Loss?" R. P. Alden of Springfield spoke on "Payment of Interest by Commercial Banks on Active and Inactive Accounts"; John F. Tufts of Watertown, on "Is a Loose Leaf Ledger System Safe?" President C. L. Brigham of Hudson, on "The Giro System in Germany"; F. A. Brooks of Salem, on "Bank Examinations by Public Accountants"; A. L. Potter of Natick, on "Which Is the Better, Passbook or Envelope System?" S. R. Stevens of Marlboro, on "Is It Proper to Balance Cash Before Closing Time?" H. G. Townsend of Fitchburg, on "Legislative Bills to Punish the Making of False Statements to Obtain Credit, and the Giving of Checks and Drafts Against Insufficient Funds."

N. Y. STATE BANKING DEPARTMENT HAS NEW BUREAU.

A liquidation bureau is now in process of organization by New York State Superintendent of Banks O. H. Oheny, which is to

be made an integral part of the State Banking Department. There are eleven institutios in the State now in process of liquidation and it is the purpose of Superintendent Cheney to bring these eleven defunct banks and trust companies under the supervision and direction of a single head.

As head of this new bureau the superintendent has appointed A. W. Hudson. Mr. Hudson was formerly in the banking department as secretary to Clark Williams, and was taken by Mr. Williams into the Comptroller's office when he was appointed State Comptroller by Governor Hughes.

NEW FISK & ROBINSON FIRM.

The New York firm of Fisk & Robinson, which has resumed business, after nearly a year's suspension, consists of Harvey E. Fisk, George H. Robinson and Thomas G. Cook. The last named is a new partner. He had been with the old firm for a number of years. The firm, which before its suspension on February 1 last, had for years occupied the ground floor of the building at the northeast corner of William and Cedar streets, resumes in offices occupying the entire third floor of 26 Exchange place.

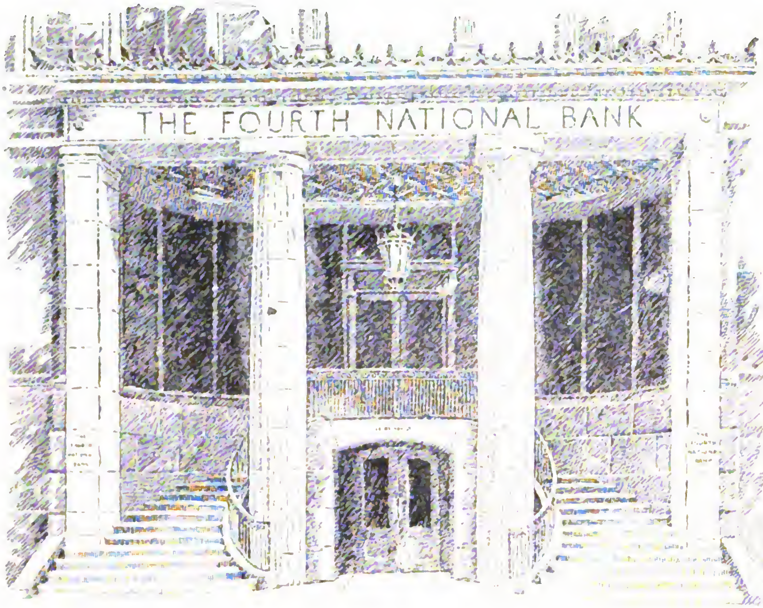
GENERAL NEWS NOTES

Personal and Otherwise.

—Thomas H. Langham has been elected a vice-president of the Gulf National Bank of Beaumont, Tex., succeeding W. B. Dunlap, who recently became president of the bank. P. D. Mahon has been made an assistant cashier.

—N. L. Seman, organizer of the Elgin National Bank of Elgin, Ill., and its cashier for twenty years, has resigned, and C. Fred O'Hara, formerly assistant cashier of the Home National of Elgin, has been appointed to succeed him. Mr. Seman resigns to devote himself to other business interests. Mr. O'Hara has been connected with the St. Charles Fixture Manufacturing Company for the last two years.

—The Ashland State Bank of Chicago, formed to take over the business of the Ashland Exchange & Savings Bank, a private banking institution, has begun business.


THE FOURTH NATIONAL BANK

With the change to a State bank the capital has been increased from $100,000 to $200,000.

—H. C. Slamp has been elected cashier of the First National Bank of Bangor, Pa., vice O. La Bar. E. J. Klotz has been elected vice-president of the Cement National Bank of Siegfried, Pa., vice P. N. Remmel. J. J. Knapp has been elected vice-president of the First National Bank of Youngsville, Pa., vice A. F. Peterson.

—George M. Caldwell has accepted the position of manager of the bond department of the Continental and Commercial Trust and Savings Bank of Chicago. He held a similar position in the American Trust.

—The newly organized North Penn Bank of Philadelphia has commenced business in temporary quarters at 2243 North Twenty-ninth street. The bank has a capital of $50,000, and the officials are: Louis H. Michel, president; Charles E. Starr and Joseph Schlenz, vice-presidents, and R. D. Moyer, cashier.

—Announcement is made that the State Savings Bank and Trust Company and the Capital Trust Company of Columbus, O., will consolidate. Former State Auditor Guilbert, president of the Capital, will retire. Edwin R. Sharp will head the consolidated bank.

—The directors of the new Broad and Market National of Newark, N. J., have organized by the election of the following officers: President, Joseph J. Rafter; first vice-president, David King; second vice-president, Christian Fleissner; third vice-president, Joseph Samuel; cashier, Charles W. Lent. Mr. King received his banking experience in the Fourth National of New York.

—The Hibernia Bank & Trust Company of New Orleans has moved into its own building at Fifteenth and Champa streets. The interior and exterior of the new quarters is finished in Colorado marble, with an entirely new set of fixtures, finished in cherry colored mahogany.

The increased volume of business made it necessary for the bank to secure a more central location, with enough space to expand and make each of the departments more efficient. It is estimated that one-third of those employed in the down-town section of the city pass the new location twice a day. The bank has as neighbors the Gas & Electric Company and the Telephone Company, where most of the heads of Denver homes find it necessary to call once a month. This feature of the new location will make it convenient for clients.

—Charles M. Merrick, who has been president of the Union National of New Brighton, Pa., ever since its organization, twenty years ago, has resigned and E. H. Seiple, vice-president, has been elected president by the board of directors. John A. Jackson has been elected vice-president.

—S. D. McCluskey, cashier of the Oklahoma State Bank of Muskogee, has resigned on account of poor health, and will be succeeded as cashier by his brother, W. R. McCluskey, at present salesman for the Hamilton-Browne Shoe Company, St. Louis, Mo.

—Frank E. Block, a director of the Atlanta National Bank of Atlanta, Ga., was recently elected vice-president of that institution, to succeed the late Hugh T. Inman. Mr. Block is a well-known manufacturer of Atlanta and has been identified with the bank for over twenty years.

—The Anniston National and the City National Banks, of Anniston, Ala., have announced their consolidation, to be effected the first of the year. The new institution will be known as the Anniston City National Bank and it will be directed by the following officers: W. H. McKleroy, president of Anniston National; T. E. Kilby, president of City National; C. D. Woodruff and James Keith, active vice-presidents.

—George W. Kaul, a well-known young business man of Milwaukee, has accepted a position as cashier of the Helper State Bank of Helper, Utah.

—After seventeen years of faithful service, Fred Brown has resigned as assistant cashier of the Boise City National Bank of Boise, Idaho, to become a national bank examiner. Mr. Brown has worked his way upwards in the banking business and is considered one of the best posted men in his line in the Northwest. On the occasion of his severing his connection with the institution the board of directors tendered Mr. Brown a set of resolutions expressing regret at his leaving and sincere appreciation of his services in connection with the institution.

—The second annual convention of the managers and department heads of H. M. Byllesby & Co. and affiliated companies will be held at the Congress Hotel, Chicago, January 17-20, inclusive. Byllesby & Co., which has headquarters at Chicago, operates and manages a considerable number of electric, gas and street railway properties in the West and South. Since the first convention, held last year, several properties have been added to the list and the former attendance of 200 will be largely increased. At a recent meeting of a committee of managers preliminary arrangements were made for a four days' programme to be devoted to technical and professional subjects. It is the belief of President Byllesby that the annual meeting and interchange of ideas among managers and department heads accomplishes much towards improving the service offered the public in the various cities where utilities are operated by this organization.

—Directors of the Chicago Savings Bank & Trust Company will recommend to the stockholders that the capital be doubled. The matter will be presented for ratification at the annual meeting in January. The bank now has a capital of $500,000 and a surplus of $100,000.

—Samuel T. Hubbard, of Hubbard Bros. & Co., and James Brown, of Brown Bros. & Co., have been added to the directorate of the Bank of New York, N. B. A.

—The Bankers Magazine is pleased to correct a regrettable error made in publishing the statement of the Nassau Bank of New York in the November issue. The item of surplus and undivided profits in this statement should have read $545,965.21 and not $238,210.97.

The deposits of this rapidly growing bank are now $9,400,600 in accordance with the last report.

CANADIAN NOTES

—Net profits of the Merchants Bank of Canada for the year ended November 30, 1910, after the payment of charges, rebate on discounts, interest on deposits and making full provision for bad and doubtful debts, amounted to $1,057,139, which is equal to 17.60 per cent. on the capital stock.

The balance brought forward from November 30, 1909, was $102,157, making a total of $1,159,297.

The sum of $510,000 has been paid out in interest, while $400,000 has been transferred to the reserve fund; written off bank premises account, $100,000, while contributed to officers' pension fund is the amount of $50,000, leaving a balance carried forward of $99,297.

—Deposits of the Bank of Montreal, which showed an increase of some $36,000,000 in the previous annual statement, have again increased some $18,000,000, the aggregate deposits in the present statement being about $197,500,000. The assets of the bank reach the large total of $239,892,330, as against $220,582,746 in the previous year. The profits for the year ending October 31, 1910, were $1,797,992, which, with the balance brought forward from last account of $603,796, gave a credit of $2,401,789, from which the usual dividend at the rate of ten

per cent. was paid, calling for $1,440,000, leaving a balance of $961,789 carried forward.

—The report of the Molsons Bank for the year ended September 30 last, submitted to the meeting at Montreal on November 17, 1910, states that the balance at credit of profit and loss account on September 30, 1909, was $257,769, while the net profits for the year, after deducting expenses of management, reservation for interest accrued on deposits, exchange and provision for bad and doubtful debts, amounted to $602,-694, and the premium, 110 per cent. on $500,000, new stock issued brought in $550,-000, making a total of $1,410,463. Four dividends at the rate of ten per cent. per annum have been paid, expenditure on bank premises at branches has totalled $16,137; business taxes, $19,138; contribution to officers' pension fund, $10,000, and there has been transferred to reserve fund $900,000, leaving at credit of profit and loss account, $115,187. At a meeting of the Molsons Bank, held at Montreal, on November 23, 1910, the directors declared a dividend at the rate of eleven per cent. per annum.

—The Montreal Trust Company are now in possession of their new offices in the Sun Life Building, in Montreal, and with the increased space, staff and facilities for extending operations, the future of the company looks bright. The company has just declared a quarterly dividend of one and a half per cent., equal to six per cent. per annum.

—For the six months ended November 15, 1910, the Quebec Bank earned net profits of $135,485.54. Its present assets total $16,-636,810.35.

—The Investment Trust Company, Limited, of Montreal, has paid an extra dividend of two per cent., being eight per cent. for the year, on its paid-up capital of $250,-000. This payment evidently is a bonus, and being such, reflects considerable credit on the management of the company, considering the comparatively short time the firm has been in business. It is a personal triumph for A. J. Nesbitt, managing director.

—The statement of the Canadian Bank of Commerce for the year ending November 30, shows capital of $10,000,000; rest, $7,000,-000; profit and loss balance, $310,204; deposits, $126,834,253; due banks, $2,458,124; total resources, $157,053,015. Net profits, after providing for all bad and doubtful debts, $1,838,065; dividends to stockholders, $900,000; written off bank premises, $300,-000; pension fund, $50,000; transferred to rest account, $1,000,000.

BANKS CLOSED OR IN LIQUIDATION

CALIFORNIA.

Orosi—First National Bank; in voluntary liquidation Nov. 10.

INDIANA.

Lebanon—Lebanon National Bank; in voluntary liquidation Oct. 20.

IOWA.

Crystal Lake—First National Bank; involuntary liquidation Sept. 23.

LOUISIANA.

Leesville—First National Bank; in voluntary liquidation Nov. 14.

MISSOURI.

St. Louis—City National Bank, in voluntary liquidation Nov. 14.

NEVADA.

Carson City—First National Bank; in voluntary liquidation Nov. 15.

OKLAHOMA.

Cherokee—First National Bank; in voluntary liquidation Nov. 2.

TEXAS.

Kaufman—Citizens National Bank; expired by limitation Dec. 5.

Saint Rock—First National Bank; in voluntary liquidation Nov. 18.

WITH BANKERS MAGAZINE ADVERTISERS

A VERY ATTRACTIVE LAMP

THE Emeralite Desk Lamp advertised in this issue of the magazine is one of the most attractive lamps we have ever seen. It is fitted with a green plated glass shade having a white opal glass reflecting surface. The soft emerald green glass relieves the eyes of strain, and the opal glass gives the greatest possible amount of light right where it is needed without any direct glare. The lamp is made in a number of different forms for use in different positions.

The way the lamp is used on a roll top desk is shown in the illustration herewith.

The catalogue of H. G. McFaddin & Company, 46 Warren street, New York City, manufacturers, contains a large variety of attractive styles of lamps. Any prospective buyer of a lamp should secure a copy of this catalague before purchasing.

BANK WORK DONE BY THE REMINGTON AT THE CONVENTION

AT the Los Angeles convention of the American Bankers' Association one of the most talked about features was the exhibit of Remington-Wahl Adding and Subtracting Typewriters. In connection with this exhibit continuous demonstrations were given of these machines doing all kinds of bank work which necessitate writing and adding on one page.

These demonstrations drew many intensely interested convention delegates, who were by no means backward in expressing their praise of the work of the Remington Bank Typewriter. They were quick to recognize the saving in time and labor effected by this machine in such work as the writing and adding of remittance letters, country bank statements, customers' monthly statements, scratchers, balances, reports, statements of notes discounted, listing of loans, card listing of securities, statements to trustees of estates, bank examiner's statements and such check listing as involves writing the descriptions as well as the amounts. All of these forms of bank work were included among the subjects covered by the demonstrations.

When using a Remington Bank Typewriter none of the operator's time or attention is required by the adding. The writing does all the work. The adding is done automatically as a part of the writing. The same applies to subtraction, which also is an entirely mechanical operation. It is this *combining* of the work of writing and adding or writing and subtracting into a single operation, from which comes the major part of the time saving and labor saving in bank work effected by the adding and subtracting Remington Bank Typewriter.

THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FIFTH YEAR | FEBRUARY, 1911 | VOLUME LXXXII, NO. 2

DEPOSIT-GUARANTY UPHELD BY THE U. S. SUPREME COURT

FEW banking decisions in recent years have been of greater importance to the banks of the country than those rendered on January 3 by the Supreme Court of the United States, upholding the bank-deposit guaranty laws in Oklahoma, Nebraska and Kansas.

As these decisions are published in full in the Law Department of this number of the MAGAZINE, we shall not discuss their points at length. The decisions rest upon the broad ground that these deposit-guaranty laws are not in opposition to the Constitution of the United States. Mr. Justice HOLMES, in giving the Court's opinion, says in the Oklahoma case that the State may not only regulate the business of banking, but that it may prohibit it except on conditions prescribed by the State.

We repeat that these decisions are of great importance. They make it plain that the national banks in those States where the guaranty laws prevail can not hope to upset them. They are there to stay, unless further experience shall demonstrate their impracticability. If the national banks in these States shall find themselves at a disadvantage in competition with State banks operating under the guaranty laws, they will have to devise some means of overcoming this disadvantage, either by agitating for a Federal guaranty, by coöperation, or by resort to insurance through a corporation.

Against either Federal or State guaranty of bank deposits many valid objections have been urged. But the difficulty is that the people do not take note of these objections. They seem to be gradually making up their minds that, in some way, bank deposits shall be made secure. With the prevailing belief in the potency of Government for doing anything and everything, it is not surprising that the power of legislation should be invoked to bring about this result.

Even without legislative help, the banking business is every day growing safer. The systems of examination provided by the State and Federal governments are being supplemented by the work of auditors employed by the banks individually or by the clearing-house associations, and a constant improvement in the standard of bank management may be noted.

But whether this progress toward greater safety will be rapid enough to satisfy the public mind, is an open question. It looks very much as if something more will be demanded, and the banks will have to study the situation carefully.

With savings deposits segregated and carefully invested, the insurance of bank deposits then becomes in fact an insurance of bank loans and other assets, and this, perhaps, could be accomplished by rigid inspection and a guaranty furnished either by coöperation or by a corporation without State intervention. Nevertheless, the Gov-

ernment guaranty of deposits seems to be taking hold of the public mind. Those who had hoped to stay the progress of this tendency will not find much comfort in reading the decisions of the United States Supreme Court in the cases brought up to it from Kansas, Oklahoma and Nebraska.

WEEDING OUT THE "GET-RICH-QUICK CONCERNS

GREAT activity has been shown of late by the Federal Government in the arrest and prosecution of the "get-rich-quick" type of financiers, whose alluring schemes, according to a recent official report, are estimated to take in some $10,000,000 yearly from simple and confiding "investors." Perhaps the estimate of one hundred millions thus absorbed in the last ten years falls far short of the actual sums that have poured into the coffers of these concerns. Had this money gone into legitimate investments it would not only have greatly benefited the individuals to whom it belonged but would also have added in no small way toward upbuilding the country's wealth.

Strangely enough, while we have schools for teaching almost everything, we have no school, save that of experience, for instructing people how to take care of their money and to invest it wisely. Even the literature of investments is yet in its infancy. As for investment advertising of an effective character, but little has yet appeared.

And yet, despite this lack of reliable information about caring for money, the need of it is apparent. Except health and morals, few questions are of more practical concern to the individual, or more vital to our national prosperity than this one: How to take care of money and how to invest it wisely.

The promoters of the "get-rich-quick" schemes seem to have monopolized a great deal of the talent for effective advertising, and they are not deterred by any code of ethics from presenting their schemes in the most attractive form. Legitimate investment advertising can not avail itself of all the tricks and flamboyant devices employed by these successful bidders for the people's money.

But legitimate investment advertising could, without any sacrifice of its dignity, and with a manifest gain in its effectiveness, get off its stilts and talk face to face with those whose money it is expected to get. Much of the banking and investment advertising of to-day represents mistaken ideas of dignity, and is wasteful in the extreme.

POSTAL SAVINGS BANKS OPENED

WITH the beginning of the new year an important departure was made in the opening of the postal savings banks, already provided for by law. In opening the new banks, which we believe are to be limited for the present to one in each State, care was taken to select a town having a large foreign-born population, as it was especially to meet the requirements of this element that the postal savings system is said to have been devised. Perhaps the attraction of absolute safety may be sufficient to draw a greater amount of deposits from the general public than has been commonly looked for.

It will be interesting to watch the growth of the postal savings system in competition with the existing banks. Should the latter find the postal savings banks serious competitors, it may hasten the progress of plans for enhancing the safety of savings deposits in the commercial banks.

UNITED STATES BANKING WITH LATIN AMERICA

FOLLOWING the publication of the Annual Report of the Secretary of the Treasury, in which recommendations were made for establishing branches of our national banks in foreign countries, there has been a revival of interest in our banking relations with Latin America. With a view to ascertaining how the proposal to establish American banks in Latin America is regarded there, we have made certain inquiries of Señor V. GONZALES BAZO, who has had considerable experience in banking matters in South America. In response to our inquiry, he writes:

"In reply to your request for my opinion on the prospects for American capital in the field of Pan-American banking, I would say at the outset that there is a very wide difference between banking *with* Latin America and banking *in* Latin America. Both can be combined, but it is not absolutely necessary.

"The field for banking *with* Latin America is yet very large. The exports from the twenty countries amount to $1,250,000,000, and this sum all represents banking business. This figure is increased by the several hands through which the operations pass, as exporters do not always sell exchange to importers. As a rule drafts with bill of ladings attached go to banks which retail the exchange afterwards at a profit. A large portion of the exporting trade is done on credit, and the paper is either discounted (bought) by local banks and rediscounted in Europe (and perhaps this country), exchange through short sight drafts being sold to importers. I presume that the total amount of drafts drawn by Latin America on foreign countries, including Government remittances, as well as foreign corporation dividends and interest, and profits of foreign capital invested in all those countries, exceeds two billion dollars every year.

"I believe that outside of covering the American imports by exchange on this country the share of American banking interests in these transactions is very small.

"That the share of the United States can be larger, and should be larger, is beyond doubt. Of our total exports of $1,250,000,000, you take more than $400,000,000; that is, the largest portion. England takes 220, Germany 146 and France 107 million, the rest being divided amongst all other countries, and still this country has the smallest share in the banking business. Your exports to Latin America amount only to a little over 200 millions, and the balance of 200 millions that you have to pay us for is settled by your payments to Europe for our account. In short, you are paying to Europe a part of the surplus they have in their trade balance with us, including our financial tribute.

"The United States is the largest consumer of coffee (500,000 tons per annum), and practically the whole crop is raised in Latin America (1,100,000 tons). Why then is the market regulated in Europe? Why is the market of cocoa regulated in Europe also, the United States being the largest consumer (55,000 tons) and seventy-five per cent. (150,000) of the total production (200,000) being produced in Latin America? The total crop of ivory nuts (25,000 tons) is produced in Latin America; the United States is the largest consumer (forty per cent., or 10,000 tons); why is its market regulated in Hamburg? There are a few more staple products of Latin America the largest consumer of which is the United States and the markets of which are likewise regulated in Europe.

"I believe that this is due simply to the lack of American banking facilities *with* Latin America. I also believe that you are in a position to improve the

conditions of your banking business with every one of those countries and acquire the right of regulating the market of produce which you consume in the largest quantities.

"Buying and selling exchange is quite a big business in any and all of those countries, where rates within the gold point fluctuate regularly according to the seasons. In countries having a paper currency only, and where there is no gold point to be considered, fluctuations are very much stronger, giving a margin for larger profits when the business is properly conducted.

"There are ten countries under the gold standard (Mexico, Panama, Costa Rica, Ecuador, Peru, Bolivia, Uruguay, Venezuela, Santo Domingo, and Cuba) where the margin is about four per cent (two per cent. above and two per cent. below the gold point); one country under the silver standard (Salvador), where there are two fluctuations, within the gold point and according to the price of silver; and nine countries having a paper currency (Argentina, Brazil, Chili, Paraguay, Guatemala, Honduras, Nicaragua, Colombia and Haiti), the two first of which only have a guaranteed rate of exchange and where it fluctuates within the gold point, the seven others having unlimited and entirely unrestricted fluctuations.

"Our imports from foreign countries aggregate $900,000,000, of which you supply $206,000,000. All this means banking business *with* Latin America also, without any banking investment *in* any of those countries. The bulk of the import trade in the twenty countries is done on credit; credit that is granted to Latin American buyers by manufacturers or tradesmen, but who in turn are granted credit by banks that discount their foreign paper. The drafts are sent to local banks for collection, and these make a small commission on them.

"Credit granted through the discount of paper representing Latin American exports is granted to *buyers* on this side, and is protected by the liability of concerns on this side, with property and other assets on this side also. Credit granted through the discount of paper representing Latin American imports is granted to *sellers* on this side, and is likewise protected by the liability of concerns with property and other assets on this side.

"However far the business can go on both lines, it is protected just the same by granting credit not to any concern out of the country but within the country.

"Should American banking interests extend their business *with* all the Latin American countries they would be as safe as they are to-day in their home business, as the credit would be granted to *their own* manufacturers and tradesmen. *These* would look after protecting their interests by granting credit only to desirable parties.

"The collection of drafts is a part of the business that is intimately tied up with the banking in those countries. Many of the collecting banks grant credit to local firms (loan them the money) to pay for their paper, and that is a very risky transaction to be done by foreign interests. In many instances it may turn out good, but in many others it is extremely dangerous, especially when the currency of a country is not perfectly sound.

"European bankers give extraordinary facilities to their customers, and that aids them to carry on such a large portion of our trade. The following figures are very suggestive:

European exports to Latin America	$694,000,000
American exports to Latin America	206,000,000
Total	$900,000,000
European imports from Latin America	$844,000,000
American imports from Latin America	406,000,000
Total	$1,250,000,000

"While the United States has to pay for in other than return trade about 100 per cent. of its goods exported to Latin America, all other countries combined have to settle only for less than twenty per cent., which is practically absorbed by the financial tribute (the return of European capital invested in Latin America).

"I sincerely believe that if your banking interests with Latin America were extended in the form of facilities to your own manufacturers and tradesmen you could obtain a very much larger portion of our imports. They would take the risks, as European manufacturers and tradesmen do, and they would also do as these do,—cutting prices when the overproduction throws more goods on the market than are needed.

"You have a hard problem to solve, with the higher cost of labor, but you have to face it *here*. Somebody has to pay for it, and it is certainly not the one who is free to choose and who will choose the cheapest. There are very many things to be considered in regard to this subject, but they are all on the industrial line and not the banking one.

"Banking *in* Latin America has a much wider field still, but it requires very many more points to be considered. While banking *with* those countries requires some superficial knowledge only of affairs in each of them, and calls for no special individual investigation, banking *in* each country requires a full and complete study of every feature of the business.

"Out of the twenty countries, the ten under the gold standard currency are subject to only normal fluctuations; and so are the two paper countries with a guaranteed rate of exchange, but in the eight others (including the silver standard) it comes to be many times guesswork.

"Banking with Latin America involves no possible loss in the exchange, as drafts drawn for shipments of exports from Latin America are made payable in the currency of the country of destination, and drafts drawn for shipments of imports to Latin America are made in the currency of the country of origin and paid in exchange against that country.

"Banking *in* Latin America has, as well as in any other country, several spheres. There is agricultural banking, industrial banking and commercial banking. Agricultural banking is generally the safest, but it means a long-term investment and a lower rate of interest. It is subject to the possible accidents to the currency, as nobody will contract but in local currency. It may be safe for a while, it may be safe forever, but it may fail.

"Industrial banking pays better, but it involves a little more risk, as industrial conditions in every part of the world have no guarantee whatever against the future. National industries in any country may fail one day for unforeseen reasons, and this is another risk added to the currency risk.

"Commercial banking, in many of the Latin American countries where there are no regular stock exchanges, comprises the banking operations incident to the handling of stocks and bonds, and though the watering process is still a bit foreign to us the same game of protecting them too much is seen very often. Stocks and bonds find their way to the banks and absorb a lot of the disposable money unloading too heavy markets, and there are great risks in it down there where they can not be floated easily on other markets.

"The regular commercial banking with only commercial paper is also risky, the standing of merchants being always difficult to investigate permanently. The whole trade is done on a wheel of credit that cannot be stopped. The importer will buy on credit and sell on credit, and will discount his buy-

er's paper to cover his own. The jobber will do the same, and the retailer also. The exporter will advance money to the producer, and take his paper to discount in the bank, and the same exporter will again sell the produce against paper that he will discount at the bank.

"During normal times the wheel turns on all right, and the eventual damages are repaired promptly; but in certain times, as when there are political troubles, the revolution of the wheel slows down, and all business comes to a very dangerous position. Sometimes restoration of normal conditions liquidates the situation at an immaterial loss, but other times there is a complete wreck.

"There is another sphere of banking *in Latin America*—Government banking, which in some instances turns out very good and sometimes, I am sorry to say, very bad.

"The bulk of the banking in Latin America is done by local banks, in which natives have very large interests. Foreign banks are devoted specially to banking with those countries, in exchange, handling crops for exports, collecting drafts, receiving deposits, and eventually lending money also. But the majority of foreigners holding bank stocks prefer combining interests with natives, who know the people better, and who know conditions better, and will look after the interests of both the natives and outside investors in the banks.

"All Latin American countries will welcome American banking interests, to share in the business with local and other foreign banking concerns, provided that said banking interests will take the same chances that all the others take for the good and for the bad. Foreign capital in Latin America is protected beyond normal lines, and the extraordinary risks taken in certain kinds of investments are gradually falling off, as all the countries realize the immense advantage of credit.

"There is a very large field still for investments in agricultural and commercial enterprises, as well as for banking business incident to these operations. American capital can find its way there, and will be treated just the same as all other foreign capital, provided that no extraordinary security is asked.

"None of those countries will ever sympathize with capital secured under certain compulsory conditions that humiliate them and make them feel that their autonomy is at a risk.

"European investors, merchants and manufacturers risk their money in Latin America on expectations of better returns, but they never ask for their Government's protection. The losses through every kind of casualties have not been anything like abnormal, and the investments are increasing every year. Of course, these foreign investments gave opportunity for more foreign banking with and in those countries, and those concerned seem satisfied, notwithstanding the contingencies of every description to which they are exposed.

"American investments in Latin America (except Mexico and Cuba) are very small at present, but that does not mean that the field for American banking is limited. Banking in general is cosmopolitan, and all those countries will carry on their transactions just the same with English banks as with American banks, even if the American investments are no bigger than five per cent. of the British ones.

"The development in Latin America has been, in some of the countries, wonderful, in others fairly good, and in others very slow, but the progress of the world will advance in these countries in time.

"If your banking interests are extended to our countries under the same conditions that all other foreign cap-

ital has settled there, they will be welcomed by everyone, and you will get a proper share of the business at no larger risk than all the others, and you will get your proper position as the largest consumer of our produce. But if you try to force upon us your Government's interference, I think that you will lose your time, and the good feeling for this country that there is still amongst very many of our people.

"We all admire your country and your men, your wonderful activity and your energy. Many of us, if not all, are willing to contribute to the closer friendship of all the American countries. Don't let anything stand in the way, and don't let the people think that there is, on our part, an increasing absorbing interest in the matter, as many believe, and you will succeed in what you want to get from us: More trade."

This letter, we are sure, will be found interesting as presenting this matter from the South American standpoint. Whether American banking capital will soon venture largely into the Latin-American field may be doubted, but there would seem to be good grounds for believing that our banking facilities here for developing trade with those countries might bear considerable study with a view to their enlargement and improvement.

A PLEA FOR PEACE

USING a phrase that has passed into the classical expressions of the language, General WILLIAM T. SHERMAN once defined war as being all composed of something the reverse of heaven. In a book entitled "Universal Peace," by MR. ARTHUR E. STILWELL, just published by The Bankers Publishing Co., it is declared that war is mesmerism. There is doubtless much truth in Mr. STILWELL'S characterization. Who can tell how much the perpetuation of the war spirit has been due to the mesmeric influences thrown over mankind by the glorification of military deeds? Shall we make any real progress toward peace until public warfare becomes as disgraceful as private warfare? And until our school-books give at least equal prominence to victories of peace as to those of war? We have made some progress toward civilization, but we are still filling the minds of the school children with the warlike spirit.

MR. STILWELL makes a stirring—almost a daring—appeal to the three great sovereigns of Europe to stop the madness of war preparation that is impoverishing the people and that has brought one country at least—Great Britain—face to face with socialism. While emphasizing the inhumanity of the art of wholesale killing, he speaks primarily from the standpoint of a man of affairs—one who has himself fought and won many bloodless battles in the realm of business. His sentences are keen, startling and brilliant, and the book should attract serious attention. We can applaud most heartily all he says of the barbarity of war—of its shocking economic waste, but we can not be so sure that one of his remedies is not itself calculated to be the reverse of peaceful. He would impose Anglo-Saxon government—the rule of the United States and England—upon the warring republics of South America, in the interests of peace. We should like to hear what these republics have to say of this proposal before approving it. We are still hopeful that the Latin-American peoples are capable of working out for themselves systems of orderly and stable government. Some of them have done so already. Others are patiently trying. But undoubtedly the United States and other powers may exercise a powerful moral suasion to prevent revolution from being a perpetual condition in any part of South and Central America.

We are inclined to think it would be well, as Mr. Stilwell suggests, if Mexico, with the tacit coöperation of the United States, could peacefully extend its jurisdiction over most or all the Central American States, for Mexico could deal with these States much better than any other power could do. Whether or not such a thing is practicable or not, may well be questioned. Mexico, we are quite sure, is not inclined to accept the rôle of schoolmaster to her Central American neighbors.

The recent munificent contribution of Mr. Andrew Carnegie to a Peace Fund will stimulate agitation against war. Yet the preparation for war—the crazy piling up of the burden of debt in the effort one nation is making to outdo another in military and naval expenditure—will go on until the people get tired of bearing the burden and call a halt. Before there can be any sensible diminution of the war spirit, some practicable means of settling international disputes must be found—an international court will have to be created whose decrees will be respected and sustained, by an international police force if necessary.

Mr. Stilwell's recent volume, "Confidence, or National Suicide?" has already passed into a sixth edition, and has undoubtedly strongly moderated the legislative onslaught upon business. The vigorous plea for peace that he makes in "Universal Peace" will cause men to think about an issue that is coming up for decisive judgment within no distant day.

SENATOR ALDRICH'S CURRENCY PLAN

As was expected, the plan recommended by Senator Aldrich to the Monetary Commission, of which he is chairman, proposes the establishment of a central bank. It proposes certain other changes which, if adopted, would tend to nationalize all the banks in the country.

The plan undoubtedly contains many good features, but whether it will receive the approval of the bankers and people of the country we do not know. Discussion of the plan in detail is necessarily deferred to a later number of the Magazine.

PROPOSED BANKS OF ISSUE

Practical and helpful suggestions for reforming the country's bank-note currency are contained in the address delivered at the Los Angeles bankers' convention by Hon. R. G. Rhett, president of the People's National Bank, Charleston, S. C. The title of this address is, "A Southern Banker's View of the Currency Question." It has been reprinted in pamphlet form.

Mr. Rhett begins by declaring against a central bank, in the following terms:

"Now, as to the best system of bank-note currency for this country: I am personally satisfied that it does not lie in a central bank, nor in any other organization where power and discretion vest in any man or body of men to discriminate in the issue. It is against the genius of our Government; it is a step towards centralization that no ingenuity can ever safeguard. Moreover, it is entirely unnecessary. All the elasticity, strength, and fluidity which can be secured through a central bank may be given a currency issued by all banks which comply with certain carefully prescribed conditions and regulations."

To effect this, no new banking machinery whatever is proposed. Under the system suggested the issue of bank-note currency is entrusted to any national bank having a capital stock of $250,000 or more, and a surplus of at least

twenty per cent., which shall keep under Government control and supervision a reserve in gold amounting to at least twenty-five per cent. of the issue outstanding, and comply with the other conditions imposed. These conditions are such as would unquestionably assure the convertibility and safety of the notes. The note issues based upon a twenty-five per cent. reserve are limited to fifty per cent. of the capital of the issuing bank. A further issue to the extent of fifty per cent. of capital is provided for, the first half of the additional issue to be based upon a gold reserve of fifty per cent. and the other half on a gold reserve of sixty-six and two-thirds per cent. The reserve against note issues is to be deposited with the nearest sub-treasury.

The details of the plan, providing for the issue and redemption of the notes, are carefully worked out. That they would prove entirely practicable in operation seems certain.

The notes are genuine credit instruments of the issuing banks, based upon an adequate gold reserve. Were the banks of $250,000 capital permitted to issue notes under the limitations imposed, they could impart the desired elasticity to the currency, and inflation would be effectually guarded against by the reserve requirements and the current redemption of the notes.

We note with a great deal of interest that the banks of issue are virtually prohibited from receiving on deposit more than eight times their capital; in other words, such excess is to be taxed at the rate of four per cent. per annum. Undoubtedly, the tendency of banks to pile up obligations far beyond the strength of their capital equipment is one that should be checked, voluntarily if possible, but by legislation if necessary.

The plan also provides for really effective supervision of the banks of issue.

We are inclined to believe that the reserve functions and the note-issuing function might wisely be restricted to banks with the proper capital equipment. While a plan could no doubt be devised permitting all banks to issue their credit notes, it is not clear that this is either necessary or desirable. The multiplication of national banks tends to make the physical difficulties of note issuing something to be considered. At all events, the experiment of credit notes might at first be wisely limited to banks of large capital.

The notes proposed by Mr. RHETT would not only be entirely sound and safe, but they would also be of immense service to the business of the country.

THE TREASURY AND THE BANKS

FEW features of our sadly disjointed financial and banking "system" have been more freely or justly criticised than the policy of the Federal Government in its dealings with the banks. Although the national banks owe their existence to the Federal Government, that Government has such little confidence in them that it will not trust them with a dollar of the Treasury's funds.

Virtually, the Government launches a system of banks, and says to the people, "You may trust these banks by putting your money into them without special security, if you like. But none of that for mine."

For the Treasury funds deposited with the banks, the Government exacts the lodging with it of a like amount of securities, usually in the shape of United States bonds.

Nobody denies, of course, that the public funds should be secure, but the Government would seem to be over cautious.

Probably the suspicion with which the

Government regards the banks is not wholly groundless. Some of the funds deposited with the State banks many years ago were called for in vain, and yet remain as an unavailable balance on the Treasury books. But by a careful selection of depositary banks, and the requirement of reasonable security, this unpleasant experience need not be repeated.

There is another, and perhaps more serious aspect, of the Government's dealing with the banks, in the practice of the Treasury in depositing and withdrawing large sums in actual cash, thus raising or lowering the reserve funds of the banks, and either impoverishing or glutting the money market, sometimes with little regard for existing conditions. The remedy for this state of affairs would be for the Government to use the banks in the same way that business men do.

A very just criticism of the Government's present course toward the banks appears in a paper by MURRAY SHIPMAN WILDMAN, Assistant Professor of Economics and Commerce at Northwestern University, Evanston, Ill. Professor WILDMAN's paper is entitled, "The Independent Treasury and the Banks," and is reprinted from the "Annals of the American Academy of Political and Social Science."

In the same paper it is pointed out how unjustly the present bank-note regulations operate. Professor WILDMAN says:

"Since there is in this country no legal limit to the deposit-liabilities, save in the reserve requirement, those communities which habitually use checks and have no use for notes find their banking facilities also unlimited except as by reserves. On the other hand, those communities accustomed to money payments find their banks shackled by the maximum limit to the note liability on the one hand and burdened by an unprofitable bond investment on the other. The significance of this may be clear by the experience of a country bank in the West with $100,000 cash capital. If the community uses checks instead of money, this $100,000 will support loans and consequent deposits of at least $400,000. If, however, it is a money-using community, the bank must invest its money in bonds and extend its liabilities in the form of notes to a maximum of $100,000. That is, in so far as the bank's patronage insists on using money rather than checks, to just that extent the bank's lending power is diminished by three-fourths. Putting the matter in another way, under our system of note issues, in so far as notes are actually demanded by the patrons of banks, we must devote four times the capital to the banking business that would otherwise be required."

And this inequality operates against the rural communities, where real bank notes would be of the greatest service, for it is in such communities that checks are least used.

THE BANKER AS A PUBLIC SERVANT

ADDRESSING the convention of the American Bankers' Association on this theme, Professor BENJAMIN IDE WHEELER, president of the University of California, gave the following account of some experiences with foreign banks:

"Last winter, during a five-months' residence in Berlin, I kept an account at one of the leading banks, and on the basis of my experience there I felt myself in a position to give the officers of the bank some very serviceable suggestions and advice. Such tentative movements, however, as I made in that direction seemed to reveal to me an utter lack of desire on the part of the bank to profit by the opportunity. I may

then tell you, who do not need them, some of the things I would have fain told them, who I am sure did need them.

"On presenting a draft or drawing by letter of credit, there was no way provided for transferring the proceeds to my call account than that I should receive the amount in cash and carry it boldly over to a distant wicket-window to be there deposited. After the money had been carefully counted by being laid out in a great rectangle of five twenty-mark pieces to the row and checked off on the large and elaborate sheet upon which I had made my entry, accompanied by the number of my account, my name, and other personal allusions, I was very courteously asked to retire to a seat in the center of the hall and await events. I duly awaited them some five to ten minutes, when my name was called out loudly from behind the wicket. I went over there, confessed to the name, and received, I think it was from another clerk, an elaborate and thoroughly signed and stamped receipt, which after being twice folded fitted into my large pocketbook. Whenever I drew money from the account I was obliged to go through a similar process, always waiting for five minutes or more until my check had been to the bookkeeper and been duly entered on the books. My check book, which was far too large for anything but desk use, I had purchased at the time of opening the account and receipted for under explicit mention of the number of checks it contained and their inclusive numbers.

"When I came to closing my account at the end of my stay I found that as the amount reported as standing to my credit was too large, certain of my checks had probably not been presented for payment. There was, however, no mechanism provided for giving me a copy of my account, and the only recourse was for the bookkeeper to bring to the window the ponderous ledger and cast it up so that I could read it through the wicket, and make a rude copy of the entries. This was done for me; I mean the ledger was supported, very patiently and courteously.

"I have no reason to suppose the arrangements any more convenient in England. A friend of mine who had a draft on the Deutsche Bank in London sought to cash it at a well-known bank in Bartholomew's lane where he had been doing business and was fully identified by his letter of credit; but there was no other way than for him to go in person to the Deutsche Bank—where he was not 'identified.' "

President Wheeler then referred to the greater facilities provided by the American bank, because the American banker has gone much further than the German in adopting the public point of view.

While probably no banks in the world offer more accommodations to the public than the American banks—many of these services being gratuitous—even in this country some improvements might be made. But the bankers here are undoubtedly getting all the while closer to the people, are trying "to see themselves as others see them," and with great advantage to the people and continually enhancing profit to the banks.

PAPER MONEY INFLATION AND HIGH PRICES

Much discussion has taken place regarding high prices, but only slight attention has been given to what is undoubtedly a strong contributory element in this advance.

In an address before the Colorado Bankers' Association, Mr. A. J. Frame, president of the Waukesha (Wis.) National Bank, had the following to say regarding "uncovered currency":

"It is currency issued by banks in

excess of coin held on hand. Approximately for the past few years the uncovered currency of the three leading nations abroad was as follows:

"In Great Britain, say	$125,000,000
"In France, say	125,000,000
"In Germany, say	200,000,000
"Total for these nations	$450,000,000

"That for the United States has been of late years double this total or 900 million dollars. Our 700 millions of silver exceeds that of the above three nations combined. This great sum is over half fiat and ought to be partly counted as uncovered currency.

"Such vast quantities of uncovered currency and semi-fiat silver money undoubtedly have slightly added to the burden of high prices in the United States. They spell paper money inflation and not contract. The world's gold increase in the past thirty years having exceeded the production of the previous 400 years doubtless is another contributory cause. Of course, our wonderful energy and prosperity coupled with the great underlying law of supply and demand is the principal cause of high prices. Currency inflation is only accessory thereto. Let us therefore eliminate currency inflation, by adopting European methods of concentration of reserves and note-issuing powers."

Possibly, the uncovered paper currency of the country, being used to a considerable extent as bank reserves, has had a greater effect in raising prices than has been commonly supposed. The $500,000,000 of Aldrich-Vreeland notes, lurking in the background ready to come out at a given signal, also tend to uphold the inflation of bank credit.

Mr. Frame's statements will serve to call attention to a feature of our currency system to which less thought has been given than it deserves.

NEGLIGENT BANK DIRECTORS

While a great deal has been said already about negligent bank directors, and perhaps too little about those who are not negligent, in view of the increasing tendency of the courts to take a stricter view of the matter, it can hardly be said that anything tending to enforce a sense of responsibility upon the bank director is amiss. In his annual report for last year Hon. William G. Cruse, Bank Commissioner of Idaho, says on this subject:

"It would probably be no exaggeration to say that three-fourths of the banks which fail are ruined directly or indirectly by the neglect of inactive officers and directors. No matter how often and earnestly the Bank Commissioner may endeavor to bring home the fact that, in a broad sense, directors are trustees and are morally and civilly responsible as such, yet the plea of ignorance of the most ordinary affairs of the bank is very often entered as a bar to the just claims of depositors. It is useless merely to denounce such people no matter how frequently and in how vigorous language it is done.

"So long as majority stockholders select directors with a selfish purpose of retaining power, so long will men be found who are willing to accept an honor much esteemed among business men, but who have a very hazy, if any real, conception of the moral or civil wrong they are perpetrating. The best way in getting rid of the dummy is, therefore, not to elect him. A second preventive is to inspire in the breast of such director that wholesome fear of the possible consequences, which will render him less willing to play the part.

"The mental wear and tear, even the bitings of conscience, resulting from the reproaches of innocent depositors who placed their money in the failed bank because some man's vanity induced him to give his guarantee to the manage-

ment, even the fear of prosecution, bring home to the luckless individual the danger of lending his name to others. But, of course, this condition should not be permitted to continue until it works out its natural result and the departmental coroner develops by inquest the facts which should have been known to all.

"Business men, very often, seem to have no appreciation of what is required by law of bank directors. Mr. Justice HARLAN, of the Supreme Court, says: 'It was said at the bar that if such a rule was rigidly applied a gentleman of property would hesitate long before accepting the position of a director of a banking association. This would not be the result if gentlemen of that class becoming directors of such institutions, would exercise anything like the care and supervision they or any other prudent, discreet persons give to the management of their own affairs. They ought not, by accepting and holding the position of directors, to give assurance to stockholders and depositors that the bank is being safely and honestly managed without doing what prudent men of business recognize as essential to make such an assurance of value. A banking corporation avowing that its business was to be wholly administered by executive officers and that the directors would have nothing, in fact, to do with its management, would not long retain the confidence of the stockholders and depositors.'

"United States District Judge SEVERENS puts it very well when he says: 'The idea is not to be tolerated that they (i. e., the directors) serve as merely gilded ornaments of the institution to enhance its attractiveness, or that their reputations should be used as a lure to depositors.' In another portion of the same decision he writes: 'The idea which seems to prevail in some quarters that a director is chosen because he is a man of good standing and character and, on that account, will give reputation to the bank and that his only duty is to delegate to some other person the management of its affairs and rest on that until his suspicion is aroused, which generally does not happen until the mischief is done, can not be accepted as sound.'

"Chief Justice FULLER writes as the opinion of the Supreme Court: 'Directors of a bank must exercise ordinary care and prudence in the administration of the affairs of a bank and this includes something more than officiating as figureheads.'

"In one leading case the duty of the directors is made a little more specific: 'The board is bound to maintain a supervision of the bank's affairs, to have a general knowledge of the character of the business and the manner in which it is conducted and to know at least on what security its large lines of credit are given.'

"I find that the directors of most of our banks are not holding meetings nearly as often as they should. In fact, some banks do not have a meeting of their directors oftener than once a year.

"In my opinion the directors should meet at least every three months, at which time all assets should be carefully gone over in order that the board would be familiar with every note held by the bank, and the records of the bank show where this action was being taken."

THE SAVINGS BANK RATE

BUT few changes were made in the dividend rates by the New York city savings banks on January 1. The banks that had recently reduced from four to three and one-half per cent., however, have maintained the diminished rate, thus showing that they realize the necessity of strengthening their positions. As was to be expected, some of the other banks, where this necessity

would seem to be far more urgent than it is with the banks that made the reduction, have failed to heed the warning which a constantly-diminishing surplus ought to convey. Those who are content to go on paying out the larger rate of dividends while liabilities are increasing, and the percentage of surplus is melting almost to the vanishing point, seem to conceive of a savings bank as a pure investment institution whose only function is to receive money, invest it, turn the income over to the depositor, and let the principal investment run on to maturity when the sum will be available for return to the depositor or for reinvestment. In practice, the operations of a savings bank may run pretty much as described. But to proceed upon this assumption is to lose sight of a very serious contingency, namely, that the depositors may not wish to allow the investments to run on to maturity, but that they may want their money in ninety days, or sixty days, or even in less time. Then the comfortable theory that a savings bank is purely an investment institution receives a rude shock, and it is made plain that a savings bank is only a bank after all, with deposits payable either on demand or on relatively short notice. Then it becomes necessary to think of something more than the investment value of the securities held, and their realizable value, not in the remote future, but almost immediately, becomes a matter of pressing importance. It is not enough to know that every bond held will be paid at maturity, and thus furnish enough to pay depositors in full after the leisurely procession of years that must elapse before maturity takes place. This knowledge may be very satisfying to the dignified and elderly gentlemen who compose the board of trustees, but it will not answer the demands of depositors who want their money, not in five, ten or twenty years, but who want it with at least reasonable promptness. In such circumstances, which have arisen before, and may at any time arise again, the marketability of the securities held by the savings banks becomes a question of the greatest importance. And when securities must be realized on at short notice, unless there is a margin or surplus between what a bank has and what it owes, insolvency—not merely technical but actual—may at any time stare the trustees in the face.

All arguments aside as to whether a savings bank is a bank or an investment concern, the swelling of deposits by a high dividend rate, and the dwindling of the percentage of the surplus, represent unsound and possibly dangerous tendencies in the local savings bank situation—a fact which may yet be brought unpleasantly to the minds of those responsible for it.

THE LAW OF INTERNATIONAL BILLS

THE report on the International Conference at The Hague, held last summer, to promote a nearer approach to uniformity in the law of bills of exchange, is likely to prove of keen interest to international bankers. The subject is one which is highly technical to the layman, but none the less one which proves very important when there is default upon a foreign draft. The report of the American delegate to the conference, Mr. CHARLES A. CONANT, of this city, contains the text of the uniform law which was adopted at the conference and much other interesting matter on the evolution of the existing diversity in national laws on this subject. When the law of bills depended upon the custom of merchants, it was more nearly uniform than at the present time. The process of codification has developed three schools—the German, French and Anglo-Saxon—which differ in a number of fundamental respects.

A remarkable spirit of conciliation was shown at the conference among the representatives of the Continental powers, which resulted in practical agreement upon the proposed law. The position of the United States and Great Britain involved peculiar difficulties for their delegates, because they were compelled to take the ground from the outset that the differences between the underlying principles of Anglo-Saxon and Continental law were such as to prevent their full concurrence in a uniform law under any circumstances. It appears from Mr. CONANT's report, however, that while this attitude compelled a certain reserve on the part of the delegates of the Anglo-Saxon countries in perfecting the details of the law, their position was sufficiently sympathetic towards the objects of the conference to prevent any ill-feeling, and the American delegate actually secured the adoption in the uniform law of the three changes in existing practice which were singled out as of special interest by American bankers. These were, in brief, that the law governing the protest of a dishonored bill should be that of the place where the dishonor occurs, that the holder of a bill should be allowed the day following dishonor to make protest, if desired by him; and that an extra day should be given to a drawee to decide whether he would accept a bill. Another change generally indorsed by American bankers is the complete abolition of days of grace.

The many minor points involved in the proposed uniform law can be best passed upon after the conference of next year, at which the delegates are expected to have positive instructions from their home governments as to their final action on the law. A subject of perhaps even greater interest to American bankers, which will come up at this conference, is a proposed uniform law on checks. Here again, while the American and British delegates may not be able to agree upon a uniform law, they will be in a position to encourage the use of crossed checks, which afford a protection to the holder of a check, which is a substitute in some degree for the system of identification which prevails in America. The use of crossed checks is already getting a foothold in France, Belgium and elsewhere, and it probably needs only the sanction of law to give it wide extension and great usefulness.

SOUND ADVICE FROM THE PRESIDENT

BUSINESS has been so harried by legislative regulation of late that the following wise words from President TAFT's annual message will be welcomed:

"I believe it to be the interest of all the people of the country that for the time being the activities of government, in addition to enforcing the existing law, be directed toward the economy of administration and the enlargement of opportunities for foreign trade, the conservation and improvement of our agricultural lands, the building up of home industries, and the strengthening of confidence of capital in domestic investment."

If the executives of the various States will be governed by these considerations, business may get a rest from over regulation by legislation—something that it sadly needs just now.

BANK CLERKS AND THEIR INCOMES

PRESUMABLY, bank clerks, like the rest of us, feel the "cost of high living," and, also like the rest of us, instead of reducing their scale of living, would like to find the means of keeping it up and probably to advance it a few

points. To such the following, from an article on "Business Knowledge," contributed to a recent number of "The Outlook," by HERBERT G. STOCKWELL, may furnish an inspiration:

"Clerks in offices, banks, and stores complain that their living expenses are ever increasing while their incomes remain unchanged. What do they do to earn an increased income? If they perform their duties faithfully and well and exhibit themselves to their proprietors as good clerks, good clerks they will remain. Few business men will remove a man from a position which he is filling acceptably for the mere purpose of experimenting with him in some other place. Why should they? The clerk who is doing his duty faithfully and well, and nothing more than his duty, will never be arbitrarily removed to the higher office. That would be against the best interests of the proprietor.

"Here and there is a man who has his eyes open to the great truth that the possession of knowledge takes a man out of the ordinary and puts him above the average; and he knows that a man must be above the average to rise. Such clerks study how to be promoted."

Speaking to the writer some time ago, a bank man declared that generally the bank clerks of his city were not alive to the educational opportunities offered by the American Institute of Banking. They spent their spare hours, he said, at the moving-picture shows and other places of amusement. We do not know whether the criticism was just or not. Perhaps the clerk, tired in body and brain from the day's activities, should not be harshly criticised for seeking recreation in his spare hours. Undoubtedly, also, a great many clerks in that particular city and all over the country are taking advantage of the educational courses offered by the American Institute of Banking and are profiting by them. We have noticed that a number of those who as clerks were prominent in the work of the American Institute of Banking have become bank officers.

Valuable as is the experience gained by the bank clerk from his daily routine, it by no means comprises all the knowledge helpful to advancement. Many sources of information lie outside the bank—in books, in the world's affairs and in knowledge of men and business methods—all tending to make the possessor of such information more useful and valuable.

PENSIONS FOR BANK EMPLOYEES

PROPOSALS have been made recently by some of the life-insurance companies to furnish insurance to banks for their clerks in a form that would enable the banks to pension old or disabled employees.

Of course, the idea of pensioning bank clerks is not a new one, although more common in Europe than here. But a number of the American banks have created pension funds for their clerks.

If a plan could be worked out that the banks might legally adopt for furnishing this insurance or pension fund through some of the large insurance companies, it would probably result in a more general acceptance of the pension idea.

Not all bank officers are agreed that a pension for clerks is a good thing. Possibly, the unambitious clerk would fix too much attention on the possibilities of getting a share of this fund in time, and be content with the prospect, not troubling his mind much about fitting himself for higher duties. Yet for those who through sickness or old age find their income-producing capacity reduced, a pension undoubtedly relieves them from much worry and apprehension.

IMMIGRANT BANKS IN THE UNITED STATES

By W. H. Kniffin, Jr.

ONE of the principal arguments, or "excuses," as some would have it, for the establishment of the postal savings bank in this country, is that the foreigner within our borders has inadequate banking facilities. Being unacquainted with the merits of the American banks and suspicious withal, and finding, as a rule, no one in the average bank able to speak his tongue, he turns either to the nearest representative of governmental banking, the post office, or to one of his fellow countrymen who poses as a "banker," and, by alluring gold signs and a tempting display of foreign money behind flimsily barred windows, holds himself out as a "friend indeed" who is worthy of his trust. How worthy this friend has proven himself to be is for the present paper to unfold.

The "immigrant banker" flourishes in every part of the United States, especially where the immigrants from southern Europe congregate. They have no capital, little or no legal responsibility, and, excepting in Massachusetts, New Jersey, and, since September 1 last, in New York, are without legal control. They generally operate in conjunction with agencies for steamship tickets, and are frequently located in groceries, saloons and other gathering places for immigrants. Besides keeping their money (too often *keeping* it), the genial banker writes letters for them, receives their mail (as the letters usually displayed in their windows testify), and is their legal, social and business adviser.

The business consists in receiving money on deposit and transmitting funds abroad. Deposits are not subject to check and no interest is, as a rule, paid. No restrictions are placed on the deposits and frequently they are used in the banker's business. They are payable on demand, *if the banker is in funds*. Transmission of funds is usually by means of money orders furnished by large banking houses and express companies, and it is estimated that $275,000,000 was sent abroad in 1907 by aliens, one-half of which went through these immigrant banks.

Out of 113 of the banks investigated by the Immigration Commission recently, located in large cities east of the Rocky Mountains, the nationalities were found to be as follows: Bohemian, one; Bulgarian, six; Croatian, eight; German, seven; Greek, five; Hebrew, fifteen; Lithuanian, two; Magyar, nine; Polish, thirteen; Portuguese, one; Slovak, four; Italian, forty-seven. New York City, having been the subject of State investigation, was not covered by the Government, but the results of such researches were supplemented and confirmed. The facts herein set forth, however, may be taken as representative of this class of bankers wherever they exist.

Origin and Character.

There are at present at least 2,625 immigrant banks in this country, New York leading with over 1,000, followed by Pennsylvania with 410; Illinois with 275; Massachusetts with 175; Ohio, 150; New Jersey, 80, and the rest scattered. The records of the State Comptroller in New York show that only 336 of these banks complied with the law and furnished the legal bond. This does not include the multitude of saloon keepers, who, in a quiet way, receive money for safe keeping or transmission abroad.

It will be noted that immigrants from the United Kingdom and northern and western Europe are not represented in the list of nationalities, as these people readily adapt themselves to our present banks and send money home through regular channels. These people do not send as large amounts home as those of southern Europe, but whether this is due to the influence of the immigrant banks is problematical.

It is but natural that the immigrant

should look to the steamship agency as the connecting link between him and the "old country." Representing the "big boat," the agent has a standing all his own, and it is but natural that the ignorant foreigner should send his money home through the same channel that brought him over. And having sent his money home successfully, what more natural than to leave his savings also? Carry this to its logical conclusion and the steamship agent soon becomes a "banker."

The Character of the Bankers.

But all ticket agents do not become bankers, nor are all bankers steamship agents—"there are others." Wherever there is a foreign population there are foreign groceries, saloons, butchers, bakers, etc., and in the friendship engendered through trade, what more natural than, finding the grocer with a big safe, to trust him with the surplus on Saturday night? And in due course, Mr. Grocer either adds a banking department or forsakes the sugar barrel and coffee mill for a roll-top desk and a more pretentious safe behind barred windows. Some of these are clever men—very, as financial history will prove. Racial ties are strong, and it matters not that the banker may have been a swindler, or that he may have been discharged for dishonesty, the fact that he is an Italian among Italians, a Pole among Poles, he will flourish. The writer knows personally of one merchant who was about to fail, and subsequently did so, who was fitting up a "bank" in one part of his store while his creditors were pushing him hard for money. He hoped to get it for them.

Hundreds of saloon keepers and small tradesmen act as bankers without the least fitness. Thirteen such had the boldness to apply for a charter for a savings bank in New York recently, only to find the gates closed against them.

The Patrons.

The patron is usually the recent arrival—the man not yet Americanized, easily influenced by those who speak his native tongue. His gullibility is often pathetic. *He believes all the banker tells him;* he frequently loses his deposit receipt and must take whatever the banker chooses to give him. The question naturally arises, why does he prefer to trust an unknown "friend" to the American banks? The answer is: (1) Suspicion and ignorance; (2) the established banks, as a rule, do not have the facilities for this foreign business (savings bank in New York never make remittances), although some large savings banks in New York employ interpreters for their foreign patrons; (3) the "collateral" services rendered by the private banker; (4) suspicion often aroused by the lavish equipment of the average American bank; (5) having learned that the regular banks are not government institutions, they prefer to trust their own countrymen; (6) the publicity given to bank failures; (7) the short hours of the regular bank against the "all-night and sometimes Sunday-banker."

In many places, however, the Americanized foreigner makes free use of the established banks, and in cities like St. Louis, Chicago, Pittsburgh and Cleveland, foreign departments have been established in banks and trust companies with considerable success. Pittsburgh has twelve such institutions.

To return for a moment to equipment. Strange as it may seem, the presence of marble and bronze does not attract the foreign trade. A Slovak banker apologized for the appearance of his room and stated it was ill-kept because the men would come in in their working clothes, often covered with mud and soot, frequently intoxicated, which, with the customary smoking and spitting, kept the room in a constant state of disorder. The dirt was really an asset to him, for many of his people would hesitate to come into a clean, well-kept room.

Then, too, the short hours of the banks and post offices makes banking with them inconvenient to the man who works, and the fact that in the former they must generally talk English and

in the latter fill out a blank, negatives their usefulness as a transmitting agency or depository.

Not infrequently does the saloon keeper act as employment agent for his bank patrons, and his place frequently becomes the headquarters for idle men, as well as the meeting place for the "sick and aid" and other friendly societies characteristic of our foreign population. The grocer-banker keeps his patrons supplied with provisions on credit when work is slack, and book credits of $5,000 or $6,000 are not unusual. All these services are, of course, eventually turned into a profit to the banker, as the cashing of a pay check may mean trade at the bar, and the deposit of money with the grocer, "trading it out" later when dull times come upon him.

Ownership and Capitalization.

It is generally recognized that to start a bank no capital is required, and only six out of 116 were capitalized. The manager of a large bank in New York states that $1,000 will start a pretentious bank in that city of pretentious banks, but insisted that at least $1,000 more ought to be converted into foreign money and placed in the show window, to "inspire confidence and attract business." The owner usually invests the funds in his own affairs, and the problem is to determine where the bank's affairs begin and his personal interests end. Legally and financially he is usually irresponsible.

Bookkeeping Methods.

Nearly all banks give the customer some kind of acknowledgment, sometimes a pass-book, sometimes an ordinary receipt. The money is not usually separated from the proprietor's funds, and one Italian banker deposited the "bank money" in his wife's name "to avoid confusion!" A Croatian saloon keeper who did business for his boarders, kept but one book of account, in which deposits were entered and scratched over as withdrawn, no receipt being given, the customer being satisfied by "seeing the entry made." Another, in St. Louis, merely kept a duplicate deposit slip; and another kept account on the stubs of the receipts issued, while others give no evidence of the deposit whatever.

Methods of Securing Business.

Between 3,000 and 5,000 "runners" are engaged in selling steamship tickets, and also act as solicitors for the banker as opportunity affords, frequently on a commission basis. Aside from the gaudy window display of steamship posters, foreign money and waiting-to-be-called-for letters, newspapers and circular advertising figure prominently in the campaign for business, the foreign newspaper being filled with alluring advertisements.

Subterfuges.

Aside from claiming in large gold letters that they are "banks" in such language as to lead the ignorant to believe they have governmental backing, many clever subterfuges are devised to attract custom. For instance, where a postal sub-station is operated in the same room, as in one case in New York where the banker failed for $275,000, his private money order receipts were labeled "Offici di Postali e Telegraphos" (postal and telegraph office), which to the average Italian is likely to mean that the bank is under governmental control, since in Italy the postal banks are under the minister of posts and telegraphs. The bond requirement in New York (which met with poor success and was ineffectual if not inoperative) was also a cause of abuse, since these bankers frequently conspicuously advertised that they were secured in the sum of 75,000 lire ($15,000 bond to State), while permitted by the surety company to advertise that they were bonded by a $5,000,000 surety company.

The attention of the reader has doubtless been called to the frequent use of the term "Notary Public," usually in connection with a seal, prominently

displayed by these bankers ("immigrant lawyers" also), especially on their windows. This means much more to the foreigner than to Americans, to whom the notary is simply an attesting officer; but to the foreigner the notary is a man of great dignity, learning and authority, carefully trained for his duties. Most of these bankers are notaries, and find this a most useful adjunct, as their services are frequently required.

The Extent of the Deposits.

Immigrant bankers everywhere accept money on deposit, except in Massachusetts, Rhode Island and New Jersey, where the laws forbid unincorporated bankers receiving money on deposit. In the latter State but eleven are so incorporated as to be permitted to receive deposits. In Cleveland, one man is known to hold $100,000 in deposits upon which he pays no interest. In Massachusetts, on October 31, 1908, 169 such bankers held $337,589.91. During the year 1907, twenty-two of these banks in New York received $2,364,464.15.

It is estimated that $8,104,447 in 128,146 money orders were issued at offices of the first and second class for savings purposes during the year ending March 1, 1908. These came principally from the West. In thirty-one banks investigated for this purpose, it was found that 3,196 depositors had an average of $65.45, or $209,190 in all.

The amount on deposit is, however, of far less consequence than the amount received for transmission abroad. In the latter is the graver problem, since it has been attended by greater frauds.

Withdrawals.

Where the pass book is used, a secret word is often given and the depositor warned in strong language not to impart this secret word to others and not to forget it. Where receipt is given it often does not state what the deposit is for, and the ignorant will accept any written paper in return for his money.

As before stated, the favorite investment is real estate, often in lavish office buildings. Real estate *speculation* is common. One bank states on its letter head, "The office of the bank is found in the proprietor's palatial building, which contains sixty rooms for use by private families as a hotel, with which is connected an *elegant bar room stocked with many choice liquors, etc.*"

Exchange of Money.

As a rule the banks in the interior do not handle a large amount of foreign money, keeping only a small stock for show window purposes. Most of the money carried by immigrants is exchanged at the port of entry, usually New York, as will be seen by the following table:

Kind and Amount of Money Purchased at Ellis Island, New York, by an Express Company, January 1, 1906, to June 30, 1909.

Kind of money.	1906.	1907.	1908.	January 1 to June 30, 1909.
	——Equivalent in United States dollars.——			
Austrian (kronen)	$277,804.14	$347,987.46	$82,404.84	$90,392.97
Belgian (francs)	14,145.94	14,887.14	5,653.46	2,445.78
English (sterling)	483,312.19	477,614.73	168,093.41	121,450.64
Finnish (finmarks)	14,219.67	9,227.14	3,571.12	11,155.57
French (francs)	375,785.64	528,805.66	105,938.25	147,978.10
German (marks)	258,288.39	208,314.19	107,537.86	44,997.37
Holland (gulden)	3,991.66	6,458.88	2,199.09	1,101.93
Irish and Scotch (sterling)	34,892.19	40,459.83	25,653.52	14,547.98
Italian (lire)	1,331,330.86	1,294,757.39	276,711.57	852,362.97
Roumanian (lei)	276.02	666.96	474.40	....
Russian (roubles)	885,882.22	815,831.96	247,918.17	252,120.05
Scandinavian (kroner)	83,436.02	70,647.54	44,746.28	38,165.21
Turkish (ltq)	8,654.79	13,918.90	3,148.55	7,311.11
Total	$3,772,319.73	$3,829,577.78	$1,074,045.52	$1,584,029.68

Remittances Abroad.

The importance of the immigrant bank in the field of foreign remittances is indicated by the fact that one-half of the $275,000,000 sent abroad by aliens in 1907 passed through the hands of these banks. The volume is indicated by the following table furnished by four general banking houses, an express company, a steamship company and three large Italian banks. These are not commercial payments "foreign exchange," but savings sent abroad for the use of families, for investment or for future use:

Immigrant Remittances Abroad by Various Correspondent Banking Houses of Immigrant Banks, by Country to which Sent, January 1, 1907, to June 30, 1909.

Country.	1907.	1908.	January 1 to June 30, 1909.
Austria-Hungary	$55,315,392.85	$28,038,754.88	$11,011,629.97
Finland	1,442,197.66	1,067,028.65	328,395.27
Germany	906,159.99	685,385.26	268,094.26
Italy	52,081,133.86	23,719,115.55	8,226,688.89
Russia	15,241,482.39	11,416,009.83	4,477,271.05
Balkan States	2,700,000.00	2,440,000.00	1,200,000.00
Scandinavian States	7,745,432.08	5,980,233.60	2,116,446.07
Other European countries *a*	4,895,583.09	3,164,507.69	2,433,120.14
Oriental countries *b*	720,000.00	1,155,000.00	719,000.00
Total	$141,047,381.92	$77,666,035.46	$30,780,645.65

a Including also some transmission to Oriental countries and to Greece.
b China, Japan, Syria, also Greece and Turkey.

The foreign business of fifty bankers in New York in 1907 amounted to $16,419,821.10 and in 1908 to $10,812,315.53. There are believed to be over 1,000 immigrants doing a banking business in New York. It is estimated that at least seventy-five per cent. of the remittances abroad in 1907, aside from transmissions through the post office department — $83,711,884.63 ($76,437,772.95 in 1909)—were made through the immigrant banks. The figures show that at least $25,000,000 of the amount originating among immigrant bankers was sent by means of money orders through certain leading banking houses and steamship and express companies.

Representative Bankers.

Two brothers, Italians, are primarily importers and commission merchants, deal in liquor and operate a retail grocery. They began business in 1901, a year later starting in banking. They conduct a labor agency, steamship agency, postal sub-station, all in the one store. They furnished 1,000 men in 1909 for contractors. All these activities make business for the grocery, and the laborers naturally become patrons of the bank and steamship agency. The total assets were $52,433.52 on the day of examination and the liabilities, $31,904.32, leaving an equity of about $20,000. The firm held $7,390.40 due depositors, mainly accumulating against a remittance abroad, upon which no interest is paid. The money is used in the business and freely mingled with the grocery receipts.

Another typical example is that of a saloon keeper in Missouri. He has a safe, in which as a matter of accommodation, he keeps money for his customers. His profit comes from the bar, and banking is only a feeder to his regular business. Beyond his stock of liquors he has no capital invested, and his total worth is probably not over $5,000. At one end of the bar is the safe and desk, and this is the "bank." The only record he keeps is the duplicate slips issued to depositors. These are destroyed when money is paid. He sometimes holds as high as $6,000.

"C" established his bank *seven months* after landing at Ellis Island. Besides his "bank" he conducts, in the same building, a hotel of fifteen rooms, a res-

taurant and a pool parlor. The pool room is a general loafing place; he runs sort of a labor bureau; forwards letters and helps men out of work; handling about 200 men in the labor bureau in the first seven months of 1909. On the day of examination he held $2,342 for safe keeping, and during the period above mentioned received about $20,000 in such accounts, for which he usually issues pass book, except when left over night, when he gives a simple receipt. He pays no interest, uses the secret pass word and keeps a ledger. He usually deposits the money in bank, but "borrows" the funds when he needs money. He remits funds to the Bulgarian Postal Bank for his patrons, sells steamer tickets, etc.

"D" is a banker of the "better sort"—a German, who has extensive financial interests, amounting to upwards of $100,000, but personal, and not the property of the bank. Aside from a real estate and ticket agency, no business other than banking is done. Between four and five thousand tickets were sold in 1907. One of his clerks is a lawyer and much legal work is done. The proprietor ascribes his success to hard labor, prompt treatment, various accommodations to patrons, convenient hours, knowledge of languagees and distribution of advertising matter. Complete records are kept in systematic arrangement. Besides forwarding money to relatives, the bank remits to the postal banks in other countries and holds from fifty to 100 books of postal banks in other lands for that purpose constantly, for both of which purposes he maintains balances abroad. He has held as high as $60,000 on deposit, chiefly used to maintain his balances abroad, and he forwarded $225,000 in 1909.

The Unsoundness of These Banks.

The dangers arising from such a class of institutions are obvious. (1) The proprietors are usually irresponsible; they are privately owned, loosely managed and under no supervision or control (except in the States mentioned). (2) They deal with the ignorant. (3) The affairs of the bank and the proprietor's private business are not separated; he may use the funds as he sees fit, and they are often used in speculative enterprises. The temptation to make a display of wealth has often proven disastrous. (5) The owner is usually ignorant of his legal and unmindful of his moral responsibility. The methods are not businesslike, either for the owner's or the patron's protection.

Evidence of deposit is usually inadequate and sometimes entirely lacking. The purchaser of a money order receives no proper receipt and does not know the medium used in transmitting funds. There is no check against absconding, as the numerous instances of such happenings will prove.

The panic of 1907 found most of these men totally unprepared, and left many of them in dire straits, and even though they were honest in intention, the previous management was so lax as to make prompt payment impossible and suspension inevitable. Twenty-five failures and suspensions are recorded in New York City between September 1, 1907, and September 1, 1908, with assets of $295,331 and liabilities of $1,459,300, representing 12,279 depositors. The story of those who failed, absconded or esting reading—but lack of space forbids.

Note: The above paper was prepared from data to be found in Document 170,381, issued by the Immigration Commission, Washington, and follows somewhat the arrangement therein, but not the text.

PUNCTUALITY

By Edgar G. Alcorn

THE Bank of England has, or had at one time, a rather unique method of keeping tab upon the punctuality of its employees. A large book, called the "Attendance Book," was placed on a table or desk near the entrance of the bank. No employee could enter the bank without passing the book, and every morning as the officers and clerks entered they wrote their names in the book in the order in which they arrived.

Promptly at nine o'clock a heavy line was drawn across the open page. Those entering after this hour were compelled to write their names below the line. Thus at a glance it could be told who were late and who were on time.

When an employe was late three times he was called before the directors of the bank and reprimanded. If after being reprimanded he should be late for the fourth time, and could not give a good excuse for his tardiness, he was discharged.

Some of us would no doubt consider this a severe penalty for so mild an offense; yet it shows what importance the greatest financial institution in the world attaches to punctuality. The plan at any rate seems to work well, and it is a wonder that the banks and business houses of our own country do not adopt a similar scheme.

The men who are always late—late in keeping appointments and late in the performance of duties—are responsible for the loss of a vast amount of time and money. When one has an appointment to meet another and fails to meet that appointment promptly, it is an affront to the man who is delayed by his tardiness, for it shows lack of consideration for his time and feelings. In fact, you steal his time, and—"time is money." You steal your employer's time when you are late at the bank. Habitual tardiness is really a form of dishonesty.

The man who is always behind time fills those who are delayed and discommoded by his tardiness with disgust and resentment. On the other hand, the man who is always punctual wins the respect and confidence of everyone.

Punctuality is a virtue—one of the means to success in any walk of life. Thousands of successful men attribute their success to their scrupulousness about being on time. Tardiness, on the other hand, has caused business failures and lost splendid opportunities. Even greater catastrophes result from it. It has caused railroad wrecks and lost battles.

Tardy Bank Clerks.

The lack of punctuality is a common fault among bank employees, and it is one of their worst drawbacks. No doubt many a disgruntled employee, over whose head a minor clerk has been advanced, has awakened to the fact that it doesn't pay to be behind time.

Punctuality is something more than simply getting at the bank on time in the mornings. It is being prompt and exact in everything connected with ones employment—taking off trial balances, writing up pass-books, balancing the cash, etc. It is very difficult to overcome the habit of unpunctuality when once acquired. It is a habit usually acquired by being dilatory in small things. The bank clerk who wishes to cultivate the habit of punctuality must be prompt in the daily routine of his employment.

Banking hours are not severely long. They are not, however, as "short and sweet" as the average outsider supposes them to be. The hours "from 9 A. M. to 3 P. M." are intended for the public and not for the employees. The "in-

side" working hours of commercial banks are usually from 8 or 8.30 A. M. to 5 or 6 P. M., and, of course, occasionally the employees have to work "after hours."

As well as being on time in the mornings, the bank clerk should strive to do his work with such accuracy and dispatch as to enable him to leave the bank promptly every evening. The clerk that is so dilatory in the performance of his duties that it is necessary to work "after hours" in order to keep up in his work, may make as unfavorable an impression upon his superiors as the clerk who is always watching the clock.

Do Not Visit.

On arriving at the bank in the mornings, clerks should immediately take up their individual tasks and not stand idly about discussing the latest base ball news or boisterously laughing and joking with each other. Whatever work there is on hand should be done at once, and "visiting" should be indulged in only during enforced periods of idleness.

It should be the ambition of every clerk not to miss a single day at the bank outside of his regular vacation allowance. Irregularity in attendance is as bad as being always behind time. Some clerks are always too glad for an excuse to absent themselves for the most trivial reasons. They allow the slightest illness to keep them away or the slightest mishap to delay them.

If for any unavoidable reason a clerk is delayed or prevented from being at the bank at all during the day, he should immediately notify the officers. His thoughtfulness will be appreciated by them, as well as the other clerks, as it gives them time to adjust the work for the day to suit the reduced clerical force.

Vacation Licences.

During the vacation season the plans of the entire working force of the bank are often disarranged by the tardiness of some clerks. They always manage to take half a day or a day more than their alloted time, causing the other clerks a great deal of inconvenience and annoyance, and creating an unfavorable impression upon the officers.

In punctuality the officers of a bank should set a good example to their employees. If they are themselves behind time in the mornings and slow and dilatory in the transaction of the important affairs of the bank, the clerical force will in all probability follow their example. If the officers of a bank expect promptness and regularity from their employees, they must be examples of punctuality themselves.

No matter what success or greatness one has attained he will not be held in the highest esteem unless he is punctual. Punctuality will in the end be rewarded. It makes for success, adds strength to character and promotes happiness. Our greatest men studied to be punctual. They were cranks on "time."

STOP PAYMENTS

By J. H. Griffith

THERE is probably no one thing that has done more to bring the gray hairs of the average paying teller "down in sorrow to the grave" than stop payments. In the smaller banks where it is impossible to have any elaborate card system in charge of special clerks, the paying teller must, as a matter of necessity, carry the list of stop payments in his head, even though the bookkeeper does make a note of them on his ledger.

After a check has passed through the paying teller's hands either for payment or certification, it is usually difficult, if not impossible, to return it. A check which has been ordered not paid *must* be stopped at the teller's window. When a check has been paid it is always difficult to get the money back, even if

the payee or depositor is legally responsible for it. And it does not help the matter very much if the man who has gotten the money expected that payment on the check would be stopped. In fact, some of the most unpleasant experiences I have known have resulted from the payment of checks inadvertently to good depositors who knew perfectly well that they ought not to have deposited the checks or have them cashed.

When a man is hard pushed he often stops payment on a check and notifies the holder, with a promise to make it good in a few days. Some good business men congratulate themselves when they slip such a check by the paying teller, and perhaps seriously embarrass both the bank and the drawer of the check.

Trouble for the Teller.

The first question to be considered is what checks should be stopped and when? There is no need of any great fear for a check payable to the order of a reputable man or firm, especially when such a check is sent by mail. Delivery is often delayed for several days, and, again, some firms or individuals do not bank their checks promptly. For example, the head of a commission house said that he was shown a check, given to a shipper, which had been kept for over two years. There is no need of stopping a check because a receipt for it is not received promptly. It is time enough when word is received that the check has actually gone astray.

A slight error in the amount of a check given to a reputable payee is not sufficient cause for stopping a check. Nine times out of ten the easiest way to adjust such a matter is to do it directly with the payee. A check is not necessarily a final adjustment of the account, and if there is any important over-payment it can be easily recovered. A check should be stopped when it is unquestionably lost or stolen or obtained under false pretences. As soon as the facts are ascertained the sooner the bank is notified in writing the better.

Notification.

As to the method of notification. It is a common thing for the paying teller of a bank to be called up by an excited individual who has mislaid a check and in an incoherent way requested to stop payment on it. Usually there is no way of telling who the individual is; in fact, in most cases it is not the drawer of the check—often the party at the 'phone don't know the number of the check or even the name of the payee. Under such circumstances all the teller can do is to make a memoranda of all the facts and advise the getting of a written stop payment from the drawer of the check. Some banks have blanks expressly for such stop payment notice.

A verbal or 'phone stop payment entails no obligation on the part of the bank, except that it puts the teller on his guard, and of course he will not pay such a check unless presented legally by a reputable person.

Specifications of the Stop Payment.

A stop payment should specify the number of the check, the date, amount, payee and holder, if known. It is also well to state the reasons for the stop payment, as a guide to the teller should the check be presented by a reputable holder. It is by no means an uncommon thing for a man to stop payment on a check and then make out an exact duplicate and give it to the payee; very often a check turns up all right and the drawer uses it without notifying the bank, and is very indignant when the check is returned with protest fees. It is much better for the teller to know all the conditions, so that if necessary he can communicate with the drawer of the check before finally refusing payment.

Keeping Track of Stop Payments.

There are scarcely any two banks which handle their stop payments in the same way. The most common method is to have a rack at the side of the teller's window, to hold small cards containing a brief memoranda of stop payments;

this is usually supplemented by a pencil memoranda on the ledger. The stop payment letters or notices are filed away alphabetically, for more leisurely reference.

The larger banks, some of which have several hundred stop payments a day, usually have a card index system, with separate clerks to handle them and examine all checks and drafts before they finally pass to the bookkeepers. No matter what system is in use much must depend upon the memory and alertness of the paying tellers.

As Regarded by the Law.

The legal status of a stop payment is a very important matter. Notwithstanding the popular idea that a bank must lose the money if it pays a check on which payment has been stopped, it is not always so. A check drawn in such a way as to leave its identification in doubt cannot be legally stopped by even a written notice, for example: A check signed in blank, without number, amount or payee inserted, or a check made to "cash" or "bearer" can hardly be identified so as to fix the responsibility of the bank in case of payment, after notice.

Another question is the leaving of a stop payment notice after a check has been paid by the bank. A customer asked the paying teller if a certain check had been paid. The teller referred to the bookkeeper, who found no such charge, and a written stop payment was made out and received by the teller, and the drawer of the check issued a duplicate, which was cashed. It was found that the check had been received and credited to a depositor, but had not reached the bookkeeper. In this case, of course, the bank had to stand the loss.

In these days of branch banking, still another interesting question has arisen. It is the effect of the acceptance or payment of a check at a branch bank, drawn upon the main bank, where payment had been stopped. It is well settled that so far as payment of a check is concerned there is no distinction between a branch and a main office, and the bank as a whole is bound by the action of its branches. The acceptance of a check and its credit to a depositor is final payment, and such a check cannot be legally protested or returned.

It is well to make the matter of a stop payment as formal as possible and convince the customer that it involves necessarily a lot of red tape, trouble and worriment. Nine times out of ten the reason for the stop payment is gross carelessness on the part of the depositor, and he should be made to appreciate the trouble it causes.

MEANING OF THE TRUST CASES

THE real stake in the case of the corporations whose cases have recently been argued before the United States Supreme Court, is the power of the Federal Government to regulate these corporations.

If judgment goes against the Standard Oil or the Tobacco Trust, their property will remain untouched and still be owned by the shareholders. If the present corporations have to be dissolved, new ones must be organized. A transformation in corporate form will come. Ownership, direction and management will remain unchanged.

These great combinations have come to stay. Nothing can break them up into the fragments welded together in their creation.

But they are State corporations, and no one yet knows, or can know, exactly what the power of the Federal Government is over them when they engage in interstate commerce. Can the Federal power require of them a license, supervise them, force them to make reports, follow their operations and regulate the price at which they can sell?

By May, when the Supreme Court will probably hand down its decision, these issues will be clear and the powers of the Federal Government will have had a decision as important as any since it was organized.

SAVINGS BANKS

Conducted by W. H. Kniffin, Jr.

THE YEAR IN SAVINGS BANK CIRCLES

By W. H. Kniffin, Jr.

IN attempting to review the experiences of our savings banks at a time when the reports of many of the States are not yet filed, and those that are due at an intermediate date, as in Massachusetts, October 31, are not yet compiled for publication, one is confined to generalities—taking a bird's-eye view as it were, and leaving for future notice the statistical data that will either corroborate or refute pre-expressed opinions.

Postal Savings Banks Are Here.

There can be no doubt but that the most momentous event of the year in this country as effecting the savings bank interests was the passage of the postal savings bank bill, which placed the United States in the category of the leading nations that *have* postal banks, rather than being distinguished as one of two leading countries (Germany being the other) that *have not.* The initial appropriation of $100,000 was all too small to provide any wide-reaching or exhaustive test of the plan as adapted to this country; and the committee in charge have therefore confined the experiment to one place in each State, selecting usually such localities as seemed to be propitious—not always, however, with regard to whether the savings bank facilities were ample or not.

In New York, for instance, Cohoes was chosen because the post office issued large numbers of foreign money orders.

Late dispatches toward the close of the year announced that all the preliminaries are ready, and on January 3, 1911, the United States will have started upon the difficult and thankless task of endeavoring to inculcate habits of thrift and industry among the masses, by holding out as an inducement the protection of the Government and two per cent. per annum.*

Having fought a good fight "to keep the government out of the banking business,"—and lost, the savings bank men (always courteous to everybody) can only wish their Uncle Samuel "good luck—and lots of it." Being an obstreperous old gentleman and generally doing things in his own way, he has discarded the familiar pass book for a certificate of deposit, coupled with the "stamp system." Other features of his *modus operandi* will be published shortly; but let us at least hope that he will permit us to show him how to "figger interest," for on that particular proposition we challenge the world.

The Year in Savings Banking.

The year 1909 will go down into savings bank history as one of, if not the best year of savings banking this country ever had.

In Massachusetts it was the best year of its long history, while in New York it was second best, being exceeded only by 1905. These two States hold over half the *mutual* savings banks of the country, and these 331 mutual banks hold over half the deposits ($2,250,000,000) credited to the 1,759 savings banks in the United States ($4,000,000,000) on July 1, 1910.

The gain in both States includes, of course, interest credited to depositors; but inasmuch as the greater part usually remains permanently on deposit and becomes principal, it is a gain of the most substantial sort, although it is in the

*As previously announced the banks were opened on the above date, and according to press reports with considerable success and no little popular interest.

nature of a reward for past, rather than present, thrift. But even so, for the year ending July 1, 1910, the New York banks gained $28,000,000 "over the counter," and only twenty-two out of 142 failed to make such progress. The growth has therefore been from both outside and in, and the present year will doubtless measure up well alongside of 1909.

Savings Bank Failures.

The most serious disturbances in savings bank circles that have occurred in years have taken place in New England during 1910. The much advertised Walker affair in Connecticut had no sooner become an old story than Massachusetts added fuel to the fire in the form of the disastrous Southbridge affair, in which a quarter of a million was found to have been stolen during a long period of years, resulting in a State's prison sentence for the defaulter, and what is much worse, a scaling down of deposits fifteen per cent. to permit the bank to reopen its doors, rather than liquidate, at probably a far greater cost.

This deplorable event happened under bank supervision which takes high rank in the States, and under an admirable law (if properly applied) which requires pass book verifications every three years (the last having been made in the summer of 1910) and which would seem to make manipulation of ledger balances practically impossible. Under such conditions it is apt to awaken more distrust than if the laws were lax and supervision inefficient.

The next calamity occurred in Biddeford, Maine, with a deficit of $350,000, or thereabouts, due to embezzlements on the part of an old and honored savings bank treasurer, which covered a period about as long as did the Southbridge stealings. At last reports, the aged defaulter was still in bed from the effects of the blow when discovered, but the reports do not state how many depositors whose dollars, in this instance, have shrunk twenty-five cents by the scaling process, have been placed in bed, or in their graves, as the result of the same blow, for which they had *not* been waiting for twenty years. During December came the news of the closing of the Saco, Maine, Savings Bank, only a modest institution, with assets of $1,400,000. but forty-one years old, and a *savings* bank. Despatches under date of December 3 also reported the closing of the People's Safe Deposit and Savings Bank of Bath, Maine. The causes of the latter two failures are not stated; but they may undoubtedly be traced to the Biddeford affair above mentioned. On January 1st the press reported the discovery of a $60,000 shortage in the Westfield, Mass., Savings Bank. The effects of such a series of bank disasters, in a limited territory, is serious. It breeds distrust, dissatisfaction, condemnation of both men and system, and the good suffer with the bad; the sound with the unsound.

In contrast with the above, it may be said with credit that New York has *not* had a failure since 1878, nor any losses to depositors since 1893. But the closing of the Washington Savings Bank, a Robin institution, will undoubtedly be attended with losses to depositors, the extent of which cannot at this writing be determined.

The Situation in New York.

Taking New York State as a whole, for the year ending July 1, 1910, the gain over the counter was $28,147,784, as before stated, of which the New York and Brooklyn banks contributed the greater part, namely, $17,756,816. Interest credited for the year brought the total gain in *deposits* up to $81,960,721, the highest figure, but one, yet attained, and bringing the total deposits up to the fabulous sum of $1,526,935,581.14.

It is generally conceded that the Spring is the best period for savings banks gains in Greater New York. The Summer and early Fall bring vacation expenses and taxes—the latter a heavy item and taking out large sums of money; while the late Fall has the Christmas expenses, ever and anon becoming heavier.

Many—it may be, most—of the

Greater New York banks will show gains for the year over the counter, and quite likely all but a very few will fail to "break even" with the interest credited; but however this may be, the New York situation is somewhat of a puzzle. The first half of the year showed remarkable gains, phenomenal in certain instances; but with the arrival of Summer the tide seemed to turn as swiftly in the other direction. And this in banks not making any reduction in their interest rates. The last two months have, however, shown a decided improvement; one large bank in New York, that "ran off" $1,176,000 during the four months, July-October, shows a *gain* of $80,000 for November and part of December. Taxes and vacations could not have demanded so much money; mortgage loans have probably been the cause for some of the heavy withdrawals, but building and real estate speculation (within the means of savings bank depositors) have not been noticeable; the stock market has been "dead," according to Christmas reports, and the bond houses do not report a sudden influx of private investors—at least rates are not as attractive now as in the latter part of 1907, and during 1908; and certainly no more so in September than in March of this year. The experience of a Brooklyn bank, whose gain in 1909 (eleven months) was $576,650.36, while in 1910 it was $769,959.75, would seem to be unusual. Its deposits for 1909 were 58,323 in number; for 1910, 64,678. Larger banks in the same territory will fail to show such favorable statistics, and it cannot be taken as indicative of general results.*

The reasons for such conditions are largely a matter of guess work, and one man's guess is as good as another's —when both may be wrong!

*Late reports from other banks show that, in Brooklyn, this is not an unusual condition. One large bank shows gains over the counter of $1,900,000, while others show large additions to their deposits aside from interest credited.

THE EFFECT OF THE INTEREST REDUCTION.

The effect of the reduction in interest rates is commented upon at length in a recent issue of the "Financial Chronicle." Up to July 1, 1910, eleven savings banks in Manhattan (Brooklyn banks all pay four per cent.) had reduced their rates. Five banks reduced rates one year ago, and six banks six months ago. The remarkable fact is that out of the five making reductions in January last, three showed *gains* for the six months ending July 1.

The reports from the banks reducing in July are not yet available, but the gains made in the first half of the year will, with interest credited, undoubtedly offset the losses in the latter half, and it would not be surprising if all show some gains for the year; at least this has been the experience of one of the most prominent of the banks making the cut in July.

SAVINGS BANKS AND THE HIGH COST OF LIVING.

With the newspapers reminding us that the cost of living is high, and the cost of high living is higher, than in many a year, we are lead to *believe* that it is really so; and when we go out with a dollar bill and come back with a dozen eggs, a *very* small steak and a postage stamp, we *know* that it is so. We naturally come to the conclusion that everybody spends everything they earn for the necessities of life and therefore has nothing to lay by in store for the rainy day, when he has no dollar bill in hand for the aforesaid steak and eggs and must "hie himself" to the savings bank and get one.

Late in November the writer, confidently expecting to prove to himself and his pessimistic brethren that the high cost of living had cut seriously into the savings bank business, addressed one hundred of the largest savings banks east of the Rocky Mountains, and well distributed, asking them to answer six questions, namely:

(1) Have your deposits *in*creased

or *de*creased during the year, *aside from* interest credited?

(2) Has the *number* of deposits been up to the normal?

(3) Have the *small withdrawals increased* in volume?

(4) Have the small deposits fallen off perceptibly?

(5) Have your depositors taken advantage of the low prices of stocks and bonds to invest therein?

(6) Have you noticed the effect of the high cost of living upon your business, and if so how?

Replies are in hand from banks holding upwards of one *billion* dollars in deposits, and while unofficial, may be considered as straws that would indicate which way the wind was blowing.

Contrary to expectations, three-quarters of the banks report that they will show gains over the counter for the year, in some instances large, but usually satisfactory. The falling off has occurred in some banks in Greater New York, manufacturing centers like Fall River, Mass., Cohoes, N. Y. (the New York selection for the Postal Savings Bank), Paterson, N. J., and in certain New England cities, as well as some sections of New York State.

Two-fifths of the banks report no diminution in the number of deposits; one-fifth report below the normal and one-seventh above. The largest bank in Albany County, New York, reports the *number* of deposits to be ten per cent. greater than usual. Two-thirds of the banks report *no* increase in the small withdrawals. (The high cost of living will have a tendency to *decrease* the frequency of the *small deposits,* and *increase* the *number* and *frequency* of *small withdrawals,* the latter indicating, as at Christmas time, the people are "running short.")

Practically the same banks that report an increase in deposits, report *no increase* in the small withdrawals; and likewise no apparent reduction in the small deposits. Five-sixths of the banks report no perceptible change in the saving ability of the small depositor, in some sections, like Detroit, stating wages have kept pace with the cost of living; while the banks reporting a falling off in deposits, likewise report a drop in the small deposits, as, for instance, on the East Side of New York "decidedly so."

The savings bank men are unable to ascribe to the high cost of living any noticeable effect upon their business, unless it be in making the gains less voluminous than would otherwise have been the case. It certainly did not prevent 1909 from being a banner year, and prices are no higher, and economic conditions no worse now than then.

One effect is, however, commented upon, and that is the lack of new business, as indicated in the new accounts opened. Baltimore banks have noted this feature; yet in New York the new accounts increased over 100,000 for the year July-July.

A logical result of enhanced cost of living is the desire on the part of the larger depositors and those living upon their income to obtain better rates than savings banks can pay; this is but natural and perfectly legitimate as long as they select good bonds and stocks and mortgage loans. This has been the experience in many sections, and not only keeps out the large depositor (and many bank men will say "amen" to this), but makes the large withdrawals especially heavy. This was particularly true in the Fall of 1907 and Spring of 1908, when good savings bank investments could be had to net five per cent. or over, and depositors quickly availed themselves of the opportunity; but is not so generally noticed now as then.

One bank (Pennsylvania) reports that its people are not paying off loans as freely as of old; another (Vermont) that the farmers are saving more, the laboring classes less; another (Kansas) that they are affected by dress, travel and "vying with one's neighbors."

But when it comes to the question of extravagance, the poor automobile comes in for its full share of abuse. Some banks report they have paid out money to buy them; others that they have made loans for such "vile" purposes; others that men have mortgaged their homes to

buy (part of) an automobile, and still others grumble because money they might have had has gone into rubber tires and gasoline. A philosopher in northern New York quaintly remarks: "It's the high cost of the people's *wants*, not the high cost of their *needs*." And between eggs at sixty *cents* and rubber tires at sixty *dollars*, both would seem to be true.

THE AMORTIZATION LAW OF 1908

By W. H. Kniffin, Jr.

As regularly as the violets come out in May and the President's Thanksgiving proclamation in November, the question of the savings bank interest rate makes its appearance. The newspapers and financial publications take up the cudgels for or against a reduction; "A Depositor" writes letters to his favorite newspaper expressing his views; and between the depositor who wants more interest, or at least no less; the bank that wants to cut its dividend, but doesn't dare to; the bank that ought to and won't, and the bank that ought *not* to and doesn't propose to, the battle waxes warm.

The present year has been no exception, and the controversy has been characterized by unusual vigor. Even so harsh a term as "evil genius" has been handed out by a leading financial weekly; but who this personage may be who is in league with error (speaking in a "C. S." term) has not as yet been determined. The writer has endeavored to "gather up the fragments" and effect a truce.

The present controversy has centered more particularly around the proper method of determining the surplus rather than the interest rate; at least, no headway has been made towards a general reduction, for at the present writing no changes have been announced from the July rates, at which time all the banks in Kings county paid four per cent., while in New York twenty-one banks paid four per cent., ten paid three and one-half per cent. and two a "split" rate of four per cent. on the first thousand and three and one-half per cent. on the remainder.

Is a Savings Bank a "Bank" or an Investment Institution?

The question resolves itself into several interrogations, namely: (a) *Are savings banks banks or investment institutions?* And granting for the present that they are the former, are they, as the New York "Times" puts it, properly protected by an *average* surplus of seven per cent., and which in eleven cases in New York State falls below one per cent.? or, as the New York "Tribune" has it, if a chain is no stronger than its weakest link, and if out of 142 "links" in the State, 134 banks have less than ten per cent.; seventy-five of less than five per cent.; twenty-seven of less than two and one-half per cent.; and the eleven of less than one per cent., only eight are "strong"; seventy-five are "doubtful," and of the remainder, "the less said the better."

The banker who would attempt to prove that *as a bank* a savings bank needs no surplus, would have such a poor case that it would fall down of its own weight. Accepting, therefore, ten per cent. as sufficient, as many bank men will admit, and five per cent. "quite enough" as others will prove, we may take seven and one-half per cent. as the middle ground and agree that with the present ratio for the State, at about seven per cent. and gradually lessening, it is time to take warning and look well to our household affairs. At the same time we agree without a dissenting voice that the eleven banks with less than one per cent. should give *good heed* to this question; the twenty-seven with less than two and one-half per cent. should give

due thought to it; while the seventy-five with less than five per cent. should at least mind the green signal and "proceed with caution."

The Court Points Out the Difference in Banks.

But if the savings bank, both in its ethics and practice, is purely an investment institution, intended to gather the savings of the poor and invest them for their protection and profit (and at the same time is largely used by the well-to-do for like purposes, much to the satisfaction and profit of the latter, but contrary to the fundamental purpose of the savings bank) are they not *supposed* to hand over *all the* (*net*) *profits* to their depositors? This does not mean, however, that the entire profits must or even should be given over to the *separate* depositors; they may be placed to the *credit* of the surplus which is owned *jointly* by *all the depositors*. No less authority than the Court of Appeals of New York has ruled (Newburgh Savings Bank vs. Peck, 157 N. Y. 51) that the surplus (undivided profits) belongs to the depositors "*contingently* upon the happening of an event requiring its payment to them," which would seem to indicate that this court looked upon these corporations as investment institutions, rather than banks, as we ordinarily understand the term.

We can test this partnership feature by a better process, namely in sharing the losses. Within the past five years two savings banks in Massachusetts have been temporarily closed, while the assets which had depreciated from one cause or another, appreciated sufficiently to make the bank solvent again. One bank is now in such a *status quo* and the other has reopened, entailing a loss of ten and one-half per cent. interest while the bank was in charge of the bank department.

In another instance in the same State, the deposits have recently been "scaled" —that is to say, *reduced*, to the extent of fifteen per cent., by charging each account fifteen per cent. of the amount due. In Maine, within the past three months, a like scaling to the extent of twenty-five per cent. has been made, while in New York in 1892 a charge of fifteen per cent. was also made against each account. In all three latter cases, the scaling was made to make good losses which the banks had sustained by reason of embezzlements on the part of officers. Without going deeply into this subject,* which is well worth exhaustive investigation, the legal reason may be said to be this: The savings bank is a mutual institution; by the same legal logic that gives the *entire profits* to or holds them for the benefit of depositors, we may establish the fact that the losses should be, as they have been, visited likewise upon the depositors. We waive for the time being the complicated proposition of the extent and nature of the trustees' liability.

In the case of People vs. Ulster County Savings Inst. (64 Hun 434) affirmed by the Court of Appeals (133 N. Y. 689) the court said: "A savings bank is quite unlike an ordinary bank. * * * Its relation to its depositors is in a large sense one of trust and confidence. It has no stock or stockholders. Its depositors are not entitled to draw checks against it. It does not receive deposits to be paid upon demand simply, but for investment on securities for the benefit of depositors. *Its assets are held for distribution among depositors ratably, and, its losses fall in like manner upon its depositors.* * * * Its *profits* and its *losses* fall upon each depositor according to his just proportion." (New York Savings Bank Cases, page 10.)

It would, therefore, seem that the courts looked upon these corporations as investment institutions, rather than banks. If, as has been argued, the weaker banks should become insolvent, it would not become the painful duty of the Bank Superintendent to force them into liquidation, but realizing the mutuality of their character, to close them temporarily, as was done in Massachusetts, holding back dividends, reducing expenses, building up surplus accounts,

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*See article on this subject November Bankers Magazine, page 654.

until they should again become going concerns. This would be not only lawful but just to all interests involved.

This does not go to prove, however, that a surplus is not necessary, for all good banking depends thereon; *and it should be compulsory for new savings banks to add a designated portion of their earnings to surplus account before declaring dividends, until the same shall equal at least five per cent. of their deposit liabilities. It will be a step in the right direction when this is a legal requirement.*

The True Method of Determining Surplus.

The second point at issue is (B) Upon what basis shall this test of solvency, as indicated by the surplus, be made? There are but three valuations possible, namely, par, market, and investment value. It cannot be all three, inasmuch as they vary greatly in amount. In the matter of *discount* bonds we must immediately discard *par* values, since par, in such cases, is the *future value* of a present amount, and we cannot, in savings bank accounting, discount the future. *Market* value represents, or is supposed to, true selling values; but the methods of arriving at market values are as varied as the banks are many, and in some instances are merely estimates, and loose ones at that, and therefore not wholly trustworthy.

Some of the larger banks submit their lists to bond houses every six months for valuations to be placed thereon; often two or three are asked to make these estimates, and there can be no criticism upon this method. But for sake of uniformity, why not let the Banking Department, say as of June 1st and December 1st, issue a circular, giving its accepted rates? It would state, for instance, that New York Central 3½s of 1950 should be valued on a four per cent. basis; cities of the first class, four per cent. basis; county bonds, 4.15 per cent. basis; village and school district bonds, 4.25 per cent. basis, etc. Any large bond house would draft these figures for the sake of having the prestige of naming the market rates for such purposes. This will avoid a "hit or miss"—often miss—method of bond valuations.

He who would attempt to prove that market values should *not* be considered in determining the solvency of savings institutions might just as well attempt to prove that savings banks never have and never will have to sell bonds, which isn't so! But—they never have been compelled to sell *all their* bonds, and probably never will.

The battle this year has been waged about the amortization provision of the law of 1908. This law has been termed a "delusion and a snare." And the challenge comes back, "Who has been deluded; and who has been ensnared?" The answer is: *No* savings bank man who comprehends what amortization is, and what it is intended to do, and who understands savings bank accounting as a broad science. Such an one will never for one moment be "ensnared" by any such proposition, although it is granted that many may be deceived.

As early as 1903 the attention of the New York Savings Bank Association was called to this feature of investment accounting. Doubtless many had never heard the word "amortization" before and would have given as foolish a definition as an applicant for a position as a bank examiner, who said it was a "process by which dead assets are made alive"! From that time on it was frequently discussed in convention and in magazines; but it remained for Superintendent Williams, who really appreciated its importance as a feature of savings bank *accounting* to crystallize it into law.

The charge that it was done to bolster up weakened banks and build up diminished surpluses, is not well founded.

The effect of the panic of 1907 on savings bank surpluses was not officially known until about February 1, while the amortization law was recommended to the Legislature December 31, 1907 (see report as of that date), and if any concerted movement was made between January and May by the savings banks, or those interested in concealing their

weaknesses, to "doctor" them by such a process, it was done very much on the quiet. But even so, the effect of amortization as applied to savings bank *accounting* is so very excellent in its results that it may be forgiven any sins charged against it in getting upon the statute books of New York.

The Law of 1908.

(C) What, therefore, is the purpose of this process called amortization and what did the amendment of 1908 seek to do? In the first place, amortization is the scientific method of determining the *actual earning power* of an investment. Through it we seek to credit only interest *earned* as income, and *not all income as interest earned.* The delusion has been in the latter process, and many a bank man has been unconsciously led into the error of considering as *earnings* the sum total of his *income account* plus *accrued interest.* But not for long, let us hope.

This "wicked" amortization law (see 153, Con. Laws of 1909) provides that "the trustees of every such corporation shall regulate the rate of interest or dividends, not to exceed five per cent. upon the deposits therewith, in such manner that the depositors shall receive as nearly as may be *all the profits* of such corporation [the law would here seem to consider these corporations *investment institutions* and not banks] after deducting necessary expenses and providing in a manner approved by the superintendent of banks for the *amortization or gradual extinction of premiums* or discounts on all securities * * * *so as to bring them to par at maturity;* and reserving such amounts as the trustees may deem expedient as a surplus fund for the security of depositors," etc.

The italicized words plainly indicate the purpose of this law; that is, to bring all securities *gradually* (note the term) to par at maturity and not, as was so often the custom, at one "fell swoop," either at purchase or maturity.

Granted it is. that in obeying this law, many banks found they had charged off premiums too fast, and in readjusting their books to conform to the law. they were obliged to increase their *bookkeeping* surplus; but it was a paper process, pure and simple. It did not add one dollar to the cash reserve, or increase the *value* of the bonds one iota; but it did tell them "where they were at," and *where they had been at.*

Granted, again, that many bankers finding their surplus increased, immediately jumped to the conclusion that they had *mysteriously increased* their surplus, and were able, therefore. to divide more of their earnings among their depositors. These were they who were "deluded and ensnared"; for the very first estimate of earnings after July, 1908, would have shown no change in the *gross income* of the bank, however much the amortization process may have affected the *net earnings.*

An Automatic Elimination.

The savings bank manager who would not be thus deluded or ensnared by this "evil genius" who has done such terrible things in the savings bank world, must learn to automatically, unconsciously, eliminate the excess of investment values over market values in his *solvency* calculations. Or, as Charles E. Sprague, an accepted authority on such matters, suggests, the *official* surplus should be the investment surplus, *less* one-fifth the difference between the market surplus and the investment surplus—a proposition somewhat unique, but which will bear close analysis.

A simple illustration will explain the attitude the bank man should take in this matter. Here is a savings bank with a $10,000 surplus. It holds on its books, as an asset, furniture and fixtures, vaults, etc., to the extent of $4,000. Its *book* surplus is $10,000; but in getting down to the *real* surplus, we must eliminate the $4,000, as a slow, if not dead, asset; and in the particular bank in which this condition obtains, this fact is never lost sight of for a moment, and the deduction is mentally made at every transaction in which the surplus is a factor. The same process

can be applied to premium account, which is an asset also, and must be considered after the manner of the fixture account.

Amortization is not only the *perfect method* of determining the bank's earning power; it is also the *perfect manner* of keeping its books; and he who understands what it is and how it works, will never become confused in his figures, mental or mechanical.

By the same process that the furniture account is eliminated, or should be, so must also at least a part of the excess of investment over market values. The bank, therefore, that has a market value surplus of $50,000, and an investment surplus of $60,000, must learn first how to keep books with the $60,000; and second, how to treat the $10,000 excess, and knowing these two "tricks" will never be ensnared by an evil genius, however clever he may be.

But after the arguments of both sides are carefully weighed, we cannot but conclude that if we are to make a test for *solvency,* and that test is based upon the proposition that the bond holdings *must be sold within a reasonable time* (assuming depositors would be paid off as soon as practicable) no other values will demonstrate the true condition but market values; but for the purpose of determining the true *earning power* of the bank, the amortization process is the true test—and no other system of *bookkeeping* should be allowed in savings banks anywhere. To attempt to argue otherwise and prove that the savings bank is as permanent as the hills and will never be called upon to meet unusual conditions, and can do business on the theory that every bond will be held until maturity, is to argue against savings bank history, which tells a different tale. Therefore, let us *keep books* by the amortization law (in New York we are obliged to), but make the market test honestly and conservatively, if for no other purpose than to assure ourselves that our institutions are in that happy condition where the assets exceed the liabilities—let us hope by an ample margin.

SAVINGS BANK INSURANCE IN MASSACHUSETTS

THE second year of savings bank insurance in Massachusetts shows considerable gain over 1909. The year closing October 31, 1910, shows that the Peoples Savings Bank of Boston and the Whitman Savings Bank—the two banks operating under the insurance law, have received in premiums $55,318.01, against $25,586.39 for 1909. The experiment thus far has been confined to these two banks, but seems to have met with popular favor.

THE BOY AND THE SYSTEM

THIS is the story of the boy, the bank, and the system.

The boy came into the bank and laid a half dollar with his bank book on the receiving teller's window.

"We don't receive deposits of less than a dollar," said the teller.

The boy yielded reluctantly to the system and drew back. But he did not leave the bank. He crossed the corridor and seated himself on a settee.

The teller noticed him sitting there, and also noticed the reflective look on his face.

The boy waited for some time, thinking it over. Finally he arose and went to the paying teller's window. A moment later he confronted the receiving teller.

"I want to deposit this dollar and a half," he said.

The teller grinned.

The boy had just drawn a dollar from his little balance and was using it as an entering wedge for the rejected half dollar.

And so the system was beaten by the boy, and a considerable accession of bookkeeping labor was the price of defeat.—*Cleveland Plain Dealer.*

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

COLLECTIONS—FAILURE TO CHARGE INDORSER—LIABILITY FOR NEGLECT OF CORRESPONDENT.

McBRIDE vs. ILLINOIS NAT. BANK.

SUPREME COURT OF NEW YORK, FIRST DEPARTMENT, MARCH 11, 1910.

Where a bank accepts a negotiable instrument for collection it becomes the agent of the owner for that purpose, and on dishonor must take steps necessary to hold the indorsers, and it is liable to the owner for damages resulting from its failure to do so.

Where a bank receiving negotiable paper for collection employs another bank for that purpose, the second bank becomes the agent, not of the owner, but of the bank from which it receives the paper, and in the absence of an agreement to the contrary it is liable to that bank for damages resulting from its failure to fulfill its duties as agent.

Where a bank, having received a promissory note for collection, sends the note to another bank under a contract which limits the obligation of the latter bank to due care in its choice of correspondents, and it in turn transmits the note to another bank for collection, and the latter in its turn transmits it to another bank with orders not to protest, and that bank does not present the note for payment at the bank where it is payable, whereby recourse against the payee is lost and the note cannot be collected owing to the insolvency of the maker, the bank whose obligation was limited to the proper choice of a collecting agent is not liable on the instrument.

To hold an indorser of a negotiable instrument under the rule in this State, it must be presented at the time and place where it is made payable.

Formal protest by a notary public is not essential to hold an indorser, being mere proof of presentment and demand at the time and place required by the instrument followed by notice thereof to indorsers.

Hence, although a note is received by a bank for collection with directions not to protest, it must be presented for payment at maturity at the place named, and the direction not to protest cannot be deemed the proximate cause of the release of an indorser, but rather the failure of the bank to make due presentment at the place of payment.

Where a note has been forwarded for collection through a chain of banks, and there is no evidence of any special agreement between the several banks in the chain, and the last bank receiving it has failed to present it for payment at the place named, it is responsible for losses resulting from a failure to hold an indorser rather than a bank through which the paper had been transmitted and which, by error, gave notice that there was to be no protest.

CLARKE, *J.:* This is an action to recover damages for the alleged negligence of the defendant by which the indorser of a promissory note became relieved of its liability, and, the maker being insolvent, plaintiff's assignor lost the amount thereof.

On May 10, 1907, the Western Tool Works of Galesburg, Ill., made a four months' promissory note, due September 10, to the order of the Goodyear Tire and Rubber Company, of Akron, O., for $6,432.44, payable at the Galesburg National Bank, Galesburg, Ill. Said note was thereafter for value duly indorsed by the said rubber company, and discounted for its benefit by the National City Bank of Akron, O., which became the owner and holder thereof before maturity. The proceeds of the note were placed to the account of the rubber company and duly checked out.

Shortly before maturity the National City Bank of Akron sent said note to its correspondent, the First National Bank of Cleveland, O., for collection. The First National Bank of Cleveland acknowledged receipt of same in a letter containing the following: "In receiving and forwarding paper outside of this city, this bank acts only as your agent, using its best efforts in selecting its correspondents, and will assume no responsibility except for its own acts." It was in evidence that an agreement had been made between the two banks in 1903 which was still existing, under which the First National Bank agreed to use the same judgment in selecting correspondents to collect the items as

they would if the items were their own, and in lieu of the fact that the National City Bank would keep a substantial credit balance with the First National Bank that bank would receive no compensation for its services, and the National City Bank would hold it to no liability other than to use due diligence in selecting first-class bank correspondents.

The First National Bank of Cleveland forwarded the note to the Commercial National Bank of Chicago, Ill., said bank forwarded said note to the Illinois National Bank of Peoria, Ill., said bank thereupon forwarded the note to the People's Trust and Savings Bank of Galesburg, Ill. The letter of transmittal from the Illinois National Bank, the defendant, to the People's Trust and Savings Bank reads: "Please find enclosed for collection and returns 8463 Western Tool Works $6,432.44. Please do not hold this collection for any reason or excuse. Return at once if not paid." By mistake of a clerk it also contained the words "No Protest." The clerk of the People's Trust and Savings Bank of Galesburg testified: "I was the collection clerk of that bank. * * * On the day before maturity I called up the Western Tool Works and notified them that we held this note for collection and it would be due the following day and that same would be presented at their office the day of maturity. That was the 10th of September, 1907. I presented this note for payment at the office of the Western Tool Works to the bookkeeper. She took the note to an apartment in the rear that was part of the main office. She brought the note back to me with the information that they would report on this at our bank in the afternoon. I then took the note back to our bank. By closing time I had received no word from the Western Tool Works in regard to the note and I then took it up with the assistant cashier and he called the firm up with a last demand for payment. I mean the Western Tool Works. Payment was not made and I attached this slip here (indicating) to the note. On the slip I marked opposite for explanation why the note was being returned. I marked 'No attention' with just a check mark." This exhibit reads: "Returned unpaid. Reason checked, if known." Alongside are a number of items in a column "Check sent," "Has been paid," "Will remit," "Will write," "As requested," "Payment stopped," "Never pays drafts," "Not correct," "No attention," "For signature," "For endorsement," "Not enough funds," "Refused," and this check mark was opposite the words "No attention."

The following day, September 11, the defendant sent the note back to the Commercial National Bank of Chicago, with a letter reading as follows: "Returned reasons, if any given, endorsed Note Galesburg, 6,432.44." No reasons were indorsed or stated. The defendant sent no other notice in regard to this note to any one at that time or for several days thereafter. The Commercial National Bank of Chicago received this letter from the defendant on September 12, and on the same day returned the note to the defendant with the following letter: "We return herewith note for $6,432.44 payable at Galesburg, Illinois. We regret to inform you that we cannot accept the return of this item in its present condition. It was sent you subject to protest and should have been protested if not paid at maturity. We will thank you to secure a remittance for this note and advise us at your earliest convenience."

On the same day the Commercial National Bank of Chicago telegraphed the First National Bank of Cleveland as follows: "Galesburg number one fifty-eight fifteen returned without protest we forward again." And on the same day wrote to said First National Bank of Cleveland, "Referring to your collection No. 15815, a note for $6,432.44, payable at Galesburg, Illinois. Our correspondent has returned this item to us unpaid, stating that parties pay no attention to their notices. We have returned same instructing them to present again and if not paid to protest and return." The First National Bank of Cleveland received this telegram and

letter September 13, and on the same day wrote to the National City Bank of Akron, plaintiff's assignor, "We are to-day in receipt of a collect telegram from Commercial National Bank, Chicago, reading as follows: 'Galesburg number one fifty-eight fifteen returned without protest we forward again.' On looking into the matter we find it is your No. 5755 on the Western Tool Works, Galesburg, for $6,432.44. We are not at present in receipt of any further information, but will keep you advised when things progress. Up to this time we seem to be out the telegram charges and the item does not seem to have been paid."

So that on September 14 the National City Bank of Akron received notice in due course of mail that the note had not been paid. It did not, however, notify the rubber company or demand payment from it as endorser. The defendant received the letter of the Commercial National Bank of Chicago, dated September 12, returning the note for protest on September 13, and on the same day sent it back to the People's Trust and Savings Bank of Galesburg, which received it on September 14, and on that day caused the same to be presented to the maker, the Western Tool Works, but not at the Galesburg National Bank where the note was payable, and demanded payment, which was refused, and thereupon caused it to be protested and notice of dishonor and protest to be sent to all of the parties whose names appeared on the note, including the plaintiff's assignor and the original payee and indorser.

The evidence shows that the first notice which the Goodyear Tire and Rubber Company received of the dishonor of this note was on September 17. Because of these facts the rubber company has refused to pay the note, although solvent and financially able to do so, and claims that it cannot be held responsible therefor. It is admitted that the Western Tool Works, the maker of the note, is insolvent and unable to pay. The plaintiff claims that by the mistake and negligence of the defendant in inserting in its letter of transmittal to the People's Trust and Savings Bank the words "No Protest," the note was not properly presented and protested, and that thereby the indorser was relieved of liability and that it has a right of action against the defendant to recover its damages thereby incurred.

In Montgomery County Bank vs. Albany City Bank (7 N. Y. 459) the plaintiff was the owner and holder of a draft which it transmitted for collection to the Albany City Bank, which in turn transmitted it to the Bank of the State of New York at New York city. That bank did not present the draft for payment on the day it was due or give notice of non-payment thereof to the drawers or indorsers, by means of which neglect plaintiff sustained damages to the amount of the draft. A verdict under the instructions of the court was returned against both of the defendants. The Court of Appeals reversed as to the Bank of the State of New York and dismissed the complaint as to it, holding: "When a bank receives from the owner a bill for collection payable either at the place where such bank carries on its business or at some distant place, it thereby becomes the agent of the owner for the collection, and in the discharge of its obligations as such, if the bill has not been accepted, it is bound to present the same for acceptance without unreasonable delay, as well as to present the same for payment when it becomes payable; and if not accepted when presented for that purpose, or not paid when presented for payment, it must take such steps by protest and notice as are necessary to charge the drawer and endorser, or it will be liable to its principal, the owner, for the damages which the latter sustains by any neglect to perform such duties, unless there be some agreement to the contrary, express or implied. And if it be necessary or convenient for the bank to employ some other bank or individual to collect the bill, either at the place of its location, or at a distant place, where the bill is payable, and it does employ another bank or individual, to whom it transmits the bill for that

purpose, the latter on receiving the bill and entering upon the discharge of the trust, becomes the agent of the former bank and not of the owner, and in the absence of any agreement to the contrary is answerable to it for any neglect in the discharge of its duties as agent, whereby the former bank sustains any loss or damage. The principle is, that when a trust is confided to an agent, and he whose interest is entrusted is damnified by the neglect of one whom the agent employs in the discharge of the trust, the agent employed shall answer to the person damnified. * * * The New York State Bank was the agent directly guilty of the neglect. That bank was employed to do the service by the plaintiff's agent, The Albany City Bank, as its agent, to which it was alone responsible for its acts and neglects, and for which the latter, according to the settled rule, was alone responsible to the plaintiff, there being no agreement to the contrary, express or implied. The gist of this action is the breach of duty arising out of an employment for hire, considering that breach of duty as tortious negligence, instead of considering the same circumstances as forming a breach of promise, implied from the same consideration of hire. The Bank of the State of New York not having been employed by the plaintiff as its agent, owed it no duty in respect to the draft, and therefore is not liable to the plaintiff for any neglect of duty which it owed to its principal, the Albany City Bank, under its contract with it."

The rule laid down is still the settled law of the State of New York (Commercial Bank of Pennsylvania vs. Union Bank of New York, 11 N. Y. 203; Ayrault vs. Pacific Bank, 47 id. 570; Naser vs. First National Bank, 116 id. 492; St. Nicholas Bank vs. State National Bank, 128 id. 26; National Revere Bank vs. National Bank of Republic, 172 id. 102), and is the rule adopted by the Supreme Court of the United States. (Exchange National Bank vs. Third National Bank, 112 U. S. 276.)

It having been established by the evidence that there was a special arrangement or agreement between the Akron National Bank and the First National Bank of Cleveland, under which the obligation of the Cleveland bank was confined to due care in the choice of its correspondents, it follows that no cause of action by reason of the acts complained of accrued against the First National Bank of Cleveland. The cases which we have examined have considered the liability of the first collecting bank. We have in the case at bar a chain of banks. The responsibility of the Cleveland bank was limited to the proper choice of a collecting agent. It chose the Commercial National Bank of Chicago. Under the doctrine of the Montgomery County Bank case, by the special agreement between the Akron bank and the Cleveland bank, the Commercial Bank of Chicago became the agent of the Akron bank, and, if the loss had occurred through its negligence, would have been responsible over. It must be borne in mind that the note which had been indorsed to the order of the First National Bank of Cleveland was by it delivered to the Commercial Bank of Chicago with the indorsement, "Pay to the order of any Bank, Banker, Brokers or Trust Co.; all previous indorsements guaranteed" by the First National Bank of Cleveland.

The agreement was that the Cleveland bank should be only held liable for due care in its choice of its correspondents. Its choice was made when it sent the note to the Chicago bank. What relations existed between it and the Chicago bank do not appear from the record. In the absence of proof of a special agreement, we must assume that the commercial rule laid down in the Montgomery County Bank case applies and that it was responsible to the Cleveland bank, from whom it received the note, for negligence upon its part or that of its agent. But there was no agreement between it and the Akron bank, and there was no authority from the Akron bank to it, or from the Cleveland bank to it, to choose as the agent of the Akron bank a proper person, and thereby be exempted from all liability to either of said banks for any neglect

or default of said agent. The Chicago bank in turn sent the note to the defendant, and again there is in the record no evidence of any special agreement between the Chicago bank and the Peoria bank which affected the general rule of law heretofore indicated. The Peoria bank in its turn sent the note to the People's Trust and Savings Bank at Galesburg, and there is no evidence of any special contract or arrangement between those two banks.

The note was by its terms made payable at the Galesburg National Bank. It was not presented at said bank for payment, either upon the first occasion of its transmittal to the People's Trust and Savings Bank, or upon the second time when it was protested. The rule of law in this State is that to hold an indorser the bill or note must be presented at the time and place where made payable. (Parker vs. Stroud, 98 N. Y. 379; National Hudson River Bank vs. Kinderhook & H. R. Co., 17 App. Div. 232; affd., 162 N. Y. 623.) Formal protest by a notary public is not essential to hold an indorser. It is mere proof. What is essential is presentment and demand at the time and place provided for in the instrument, followed by notice to the indorser of such presentment, demand and non-payment.

So, notwithstanding the words "No Protest" in the letter of transmittal from the defendant to the People's Trust and Savings Bank, it was still the duty of the said bank, having in its possession an indorsed note for collection, to have presented it upon the due day at the Galesburg National Bank where made payable. If it had been so presented and a notice of such presentation had been sent back down through the line of banks, the rubber company would have been held upon its obligation, irrespective of the fact that the note had not been protested, and it was the failure to present and notify which relieved the indorser, if it has been relieved. That failure was the failure of the Galesburg bank and not of the Peoria bank, and, it seems to us, it cannot be said, in view of the facts of this case, that the words "No Protest" in the defendant's letter constituted the proximate cause of the release of the indorser.

So if we assume that the special agreement between the Akron bank and the Cleveland bank had the force and effect of constituting each of the banks in the chain the agents of the Akron bank, then, each being responsible for its defaults and only its own defaults, it follows that the wrong party has been sued, the right of action, if any, being against the People's Trust and Savings Bank of Galesburg for its failure to properly present the note at the time and place where and when made payable.

If, on the other hand, the special agreement was exhausted when the Cleveland bank exercised its power to choose an agent and did not confer a similar power upon the Chicago bank, why then the Chicago bank, under the rule in the Montgomery County Bank case, must be considered to be the collecting bank and responsible for any subsequent default. "The Bank of the State of New York not having been employed by the plaintiff [bank] as its agent, owed it no duty in respect to the draft, and therefore is not liable to the plaintiff for any neglect of duty which it owed to its principal, the Albany City Bank, under its contract with it." (Montgomery County Bank Case, supra.) The Supreme Court of the United States, adopting the rule of the Montgomery County Bank case, in the Exchange National Bank Case (supra), did so upon the ground that it was a general rule of commercial law. It seems to us that the banking community have a right to rely upon it. To sustain the judgment in this case would be to hold that the defendant, without knowledge of the special agreement, though with knowledge of the general rule, was liable not to its immediate predecessor but to a remote principal upon the doctrine of agency of an undisclosed principal and for a negligence not of its own but of its correspondent. If the plaintiff is right, and the chain once broken, all the links fall apart, and it has the right to sue any one, it should

have proceeded against the People's Trust and Savings Bank. If it is not right and the rule has only been affected so far as the Cleveland and the Chicago banks are concerned, it has no privity with the defendant or right to sue it, even assuming, which we do not at all concede, that its act in allowing the words "No Protest" to appear upon its letter of transmittal was the proximate cause of the loss.

It follows, therefore, that the judgment appealed from should be reversed and a new trial ordered before another referee, with costs to the appellant to abide the event.

NEGOTIABLE INSTRUMENTS LAW—HOLDER FOR VALUE—NOTE TRANSFERRED AS COLLATERAL SECURITY FOR PRE-EXISTING DEBT.

TRUST COMPANY OF ST. LOUIS CO. vs. MAHER.

SAME vs. REYBURN.

UNITED STATES CIRCUIT COURT, E. D. PENNSYLVANIA, JUNE 21, 1910.

Under the provisions of the Negotiable Instruments Law a bank which receives a note as collateral security for a pre-existing debt is a holder for value.

This is also the rule established by the decisions of the Supreme Court of the United States.

J. B. McPHERSON, *D.J.:* These two cases are brought upon the same promissory note and were tried together. The defendants are successive indorsers and the plaintiff is a holder for value before maturity. The note is for $25,000, is dated September 27, 1906, is payable one year thereafter in the city of St. Louis, and was made in Missouri by the St. Louis, Webster & Valley Park Railway Company to its own order. It was indorsed by the company itself, and by Paul D. Cable, John E. Reyburn, William Markee, and H. C. Begole, in the order named, and has been duly protested for nonpayment. The further facts are as follows:

On July 26, 1906, the plaintiff discounted a note of $25,000 for the St. Louis, Webster & Valley Park Railway Company. The note was signed by the railway company and by three other persons, and was accompanied by $50,000 of the company's bonds as collateral. It was due on January 26, 1907, and contained the provisions that are usual in such obligations—among them, the provision that the makers should give further security under certain conditions. In addition to the railway bonds, the plaintiff held what purported to be a written obligation of the Allis-Chalmers Company guaranteeing the payment of the note. When the note fell due the Allis-Chalmers Company denied its liability on the guaranty, asserting that the writing was without authority. Thereupon a conference was held between the plaintiff and the officers of the railway company; and, in consequence of the plaintiff's demand, the note in suit, accompanied by other bonds of the railway company, was pledged as further collateral for the original note. The defendants are accommodation indorsers, and, so far as Reyburn is concerned, his indorsement was given "under an agreement that [the note] was to be used or given to the Allis-Chalmers Company"—to use his own language on the witness stand. But the note was delivered by him to the proper officers of the railway company, and was pledged by them without communicating this agreement to the plaintiff, and with no knowledge on its part thereof. The pledge was made in January, 1907, several months before the due date of the note.

Upon these facts there seems to be little room for dispute. If the case is to be governed by the federal decisions, it is enough to refer to Railroad Company vs. Bank, 102 U. S. 14, in which the Supreme Court decided that:

> "The transfer by indorsement to a creditor of negotiable paper before maturity, merely for an antecedent debt, although it is without his express agreement for indulgence, is not an improper use of such paper, and is as much in the usual course of commercial business as its transfer in payment of the debt. In neither case is the bona fide holder affected by equities or defenses between prior parties of which he had no notice."

If the statute either of Missouri or of Pennsylvania is to govern, the result is the same. Both States have adopted the negotiable instruments act, and the provisions now relevant are identical in both. See Laws Mo. 1905, p. 247 (Ann. St. 1906, §§ 463—25, 463—27, 463—29); Act Pa. May 16, 1901 (P. L. 199). In art 2, § 25, value is defined as follows:

"Value is any consideration sufficient to support a simple contract. An antecedent or pre-existing debt constitutes value; and is deemed such whether the instrument is payable on demand or at a future time."

Section 27 provides:

"Where the holder has a lien on the instrument, arising either from contract or by implication of law, he is deemed a holder for value to the extent of his lien."

Section 29 declares:

"An accommodation party is one who has signed the instrument as maker, drawer, acceptor or indorser, without receiving value therefor, and for the purpose of lending his name to some other person. Such a person is liable on the instrument to a holder for value, notwithstanding such holder at the time of taking the instrument knew him to be only an accommodation party."

Tested by these statutes, the liability of the defendants under the facts in proof is, I think, too clear to need discussion.

AGENT OF STOCKHOLDERS—SUITS BY—GUARANTY BY NATIONAL BANK.

BARRON vs. McKINNON.

U. S. CIRCUIT COURT, DISTRICT OF MASSACHUSETTS, MAY 13, 1910.

An agent appointed by the stockholders of a national bank to administer the affairs of the bank may be sued upon a contract of guaranty made by the bank as collateral to a sale of its stock.

WHERE a national bank, in order to induce complainant to purchase certain steamship stocks owned by it, agreed to take complainant's note for $50,000 for the stock and hold the stock as collateral security, and to guarantee plaintiff against any loss in the transaction from the execution and delivery of the note, such guaranty was not an ordinary commercial guaranty, but one outside the ordinary business of banking, and ultra vires.

LOWELL, *C.J.:* The plaintiff's amended declaration alleges that the defendant is the shareholders' agent of the National Bank of North America in New York; that Morse, the vice-president and director of the bank, owning the majority of its capital stock and controlling its management, acting on behalf of the bank, sold the plaintiff 2,000 shares of stock of the New York & Porto Rico Steamship Company. In payment therefor the bank took the plaintiff's note for $50,000, and on the bank's behalf Morse and the plaintiff agreed that the bank should hold the stock as collateral security for the payment of the note and should guarantee the plaintiff against any loss in the transaction from the execution and delivery of the note. Thereafter the bank transferred the note, the transferee brought suit against the plaintiff, and recovered judgment for more than $56,000, which judgment the plaintiff has paid. The plaintiff further alleges that the stock has not been sold, that he is still its owner, and—

"that the value of said stock with all increment received by him therefrom was at all times and is now much less than the amount which the plaintiff has been obliged to pay and expend by reason of said suit, and much less than the amount of the plaintiff's liability upon said promissory note, and that he has sustained great loss in said transaction arising from the execution and delivery of said note."

The defendant demurred to the declaration upon several grounds, of which the court need notice but two:

I. That the suit was brought against the shareholders' agent, and not against the bank itself.

Had action been brought against the receiver of the bank, appointed under the banking act, the defendant's contention would seem to be sound. Lantry vs. Wallace, 182 U. S. 536, was an action brought by the receiver of an insolvent national bank to recover an assessment duly levied upon the shareholders. The defendant set up by way

of cross-petition or counterclaim that the bank had induced him to become a purchaser of its stock by means of fraud. The Supreme Court said:

"We perceive no ground whatever upon which the defendant can have a judgment upon his cross-petition or counterclaim against the receiver. That officer had nothing to do with the fraudulent transactions of the bank prior to its suspension. His duty was to take charge of its assets, and have them administered according to the rights of parties existing at the time of such suspension. Whether, if the defendant claimed a judgment against the bank or its officers for the alleged fraud or deceit of the latter officers, he could participate in the distribution of the proceeds of the stock assessment until all the contract obligations of the bank had been met, was not decided by the Court of Appeals."

Weeks vs. International Trust Co., 125 Fed. 370; International Trust Co. vs. Weeks, 203 U. S. 364, decides nothing to the contrary, as the liability there sued on arose after the receiver's appointment.

But the shareholders' agent appointed under section 3 of the act of June 30, 1876 (19 Stat. 63, c. 156 [U. S. Comp. St. p. 3510]), stands differently from a receiver. In order that the shareholders may elect an agent to administer the bank's affairs, it is necessary that the receiver should certify that the allowed claims of every creditor of the bank, not including the shareholders who are creditors, have been paid. In order that the agent shall enter upon his duties, some of the shareholders must have executed a bond to pay all claims against the bank subsequently allowed. Hence it follows that no question of priority arises between the plaintiff's claim and the ordinary contract obligations of the bank, as in the Lantry case. There a judgment against the receiver would embarrass him in his statutory distribution of assets. Here no embarrassment would arise from a judgment against the shareholders' agent, unless we are to suppose that the bank's creditors are limited to their remedy on the bond, an inconvenient and unreasonable interpretation of the statute and one apparently at variance with the authorities. (Guarantee Co. vs. Hanway, 104 Fed. 369, 44 C. C. A. 312.) The reason which forbade a suit against the receiver in the Lantry case does not exist in case of a suit against the shareholders' agent. It must be presumed that the contract obligations of the bank have already been discharged, and therefore there appears no reason why the plaintiff's claim, if he can establish it, should not be satisfied as soon as possible. The section cited above provides expressly that the shareholders' agent "may, in his own name or in the name of such association, sue and be sued." No such provision is made for suing a receiver. I can perceive no reason for denying their natural meaning to the words above quoted. In this respect, as against this ground of demurrer, I hold the declaration to be good.

II. That the contract set up in the plaintiff's declaration is ultra vires of the bank.

It is not easy to state precisely the meaning of the contract sued on. What would be a loss on the plaintiff's note does not clearly appear, as the establishment of loss involves, to some extent at least, a comparison between the plaintiff's payments on the note and the value of the stock which he bought. For instance, did the bank guarantee that the value of the stock should at all times be at least equal to the plaintiff's payments on the note? Or did it guarantee merely that at some time or other the stock should reach that value? If so, what was the time fixed? The contract's precise meaning need not here be determined, inasmuch as in any construction it appears to me to be beyond the corporate power of the bank. Doubtless a bank may guarantee a note under some circumstances in the course of its banking business; but the guaranty here made, whatever it may mean, is not an ordinary commercial guaranty, but an extraordinary and almost unintelligible contract, somewhat connected with stock which the bank was seeking to sell. In this respect, the declaration does not state a valid cause of action, and the demurrer must therefore be sustained.

PAYMENT OF FORGED DRAFT—RECOVERY OF MONEY PAID—EFFECT OF INDORSEMENT.

STATE BANK OF CHICAGO vs. FIRST NATIONAL BANK OF OMAHA.

SUPREME COURT OF NEBRASKA, JUNE 29, 1910.

Where the payee of an unaccepted draft, to which the drawer's name has been forged and purporting to have been drawn by a bank in South Dakota upon a bank in Illinois, indorses the instrument generally and sells it for its face value to a Nebraska banker with whom the payee is acquainted, the drawee, after paying the bill, cannot recover back the money, unless it pleads and proves that the holder was negligent in purchasing the instrument, or in indorsing it, or withheld from the drawee at the time the bill was paid, some information or grounds for suspicion within his knowledge concerning the genuineness of the bill.

In such a case the cashing bank, if it acted in good faith in the transaction, is not required, in order to acquit itself of a charge of negligence in purchasing the bill, to prove that before such purchase it inquired of the drawer whether the instrument was genuine, or communicated with the drawee to learn whether the bill would be accepted.

Where such a draft, by reason of the payee's indorsement, is negotiable by delivery, an indorsement by the holder is not a warranty to the drawee that the drawer's signature is genuine.

ROOT, *J.:* This is an action by the drawee of a forged draft to recover from a holder thereof money paid to satisfy that instrument. The plaintiff prevailed upon the defendant's demurrer to the petition. The defendant appeals.

The plaintiff alleges in its petition that the defendant, through its agent, the Continental National Bank of Chicago, on November 29, 1907, caused to be presented to the plaintiff, through the Chicago Clearing House, a certain draft of which the following is a copy:

$800. The German Bank No. 9,638.
Eureka, South Dakota, Nov. 23, 1907.
Pay to the order of Chas. Viterna, $800.00
eight hundred ....dollars.
E. Moog, A. Cashier.
To the State Bank of Chicago, Chicago, Ill.

The instrument was indorsed: "Chas. Viterna. Pay to the order of Continental National Bank, Chicago, Ill., First National Bank, Omaha, Nebr. L. L. Kountze, Cashier."

The plaintiff further alleges that, believing the instrument to be the genuine draft of said E. Moog, it accepted the same and paid it to the defendant through the Continental National Bank; "that the defendant, prior to the presentation, acceptance and payment of said draft as hereinbefore alleged, paid to Charles Viterna named in said draft as payee, knowing him to be said Viterna, eight hundred dollars ($800), the amount named in said draft, without any knowledge or information as to whether said draft would be accepted or paid by the plaintiff, and without taking any steps to ascertain whether or not said draft was a genuine draft of the above-named E. Moog, assistant cashier of the German Bank of Eureka, South Dakota." The plaintiff also alleges the draft was forged, but its true character did not become known until December 12, 1907. Immediately thereafter the plaintiff advised the defendant of said fact and demanded repayment of the $800, which demand was refused. Counsel for the respective litigants stated at the bar that the negotiable instruments statute does not control this case, and we shall treat their statement as correct for the purposes of this case.

1. The great weight of authority sustains the proposition that as between the drawee and a good faith holder of a draft, the drawee bank is to be deemed the place of final settlement, where all prior mistakes and forgeries shall be corrected and settled once for all; and if not noticed and payment is made, the money cannot be recovered back. (Price vs. Neal, 3 Burrows, 1355. Germania Bank vs. Boutell, 60 Minn. 189.) The cases are annotated in a note to First National Bank vs. Bank of Wyndmere, 15 N. D. 299. Courts and text-writers generally recognize that the preponderance of authority is in favor of the rule, but it seems to conflict with a well-established principle of law that money paid by mistake may be recovered back, and has not been accepted without quali-

fication by all of the American courts. North Dakota refuses to follow Price vs. Neal, supra, and has held that the principles of equity should control a transaction between the drawee and a holder of a forged check or draft. First National Bank vs. Bank of Wyndmere, supra. The position assumed by North Dakota is in harmony with suggestions made by many text-writers but, so far as we are advised, is not sustained by the opinion of any other court. Intermediate the cases adhering to the ancient rule, and First National Bank vs. Bank of Wyndmere, one may find cases qualifying the broad rule promulgated in Price vs. Neal, supra.

The Massachusetts Supreme Court holds that the failure of the drawee to detect the forgery at the time the draft is presented and paid will not preclude it from recovering the money from a holder "who took the check under circumstances of suspicion without proper precaution, or whose conduct has been such as to mislead the drawee or induce him to pay the check without the usual security against fraud." (Danvers Bank vs. Salem Bank, 151 Mass. 280, 283.) In the cited case the cashing bank received a check from an unknown person payable to bearer and without requiring him to identify himself, although there was a local custom requiring identification in such cases. It was held that the negligence of the cashing bank lulled the drawee into a false sense of security, and the latter could recover back the money paid. In National Bank of North America vs. Bangs, 106 Mass. 441, 444, 8 Am. Rep. 349, the court holds the drawee should be permitted to recover if the party receiving the money in any manner contributed to the success of the fraud, or to the mistake of fact under which the payment was made.

The plaintiff relies upon our decision in First National Bank of Orleans vs. State Bank of Alma, 22 Neb. 769. That case was decided upon a statement of facts to the effect that B. R. Claypool maintained a deposit in each of said banks. A stranger presented to the Orleans bank a check upon the Alma bank bearing the name of Claypool as drawer, and payable to A. J. Gype, or bearer. The Orleans cashier compared the signature to the check with Claypool's genuine signature upon the bank's book and without requiring the holder to identify himself or to account for the manner in which he secured possession of the check, paid it. In due course, through a bank wherein the litigants each maintained a deposit, the check was paid and charged to the account of the Alma bank and later was delivered to Claypool, who denounced the instrument as a forgery. We held that the drawee should recover the money paid. Some remarks in the argument of our late Chief Justice, taken apart from the facts in the case, lend color to the plaintiff's argument in the instant one. At the bar it was argued that since the check on the Alma bank was payable to bearer, identification of the holder was an immaterial fact, and the entire argument in the opinion should be considered with relation to the obligation of the cashing bank to ascertain at its peril that the check was a genuine instrument. The principle underlying the opinion is that the cashing bank was negligent in not availing itself of all means at its command to ascertain whether the check was genuine. Business men and courts alike recognize that ordinary prudence forbids the purchase of a check from a stranger, regardless of whether the paper was payable to order or bearer. The instrument considered in the Alma case was an ordinary check not designed for circulation but for immediate presentment. (First National Bank of Wymore vs. Miller, 37 Neb. 500.) As stated by Judge Maxwell, the Alma bank did not know but that Claypool had been present when the check was presented by the holder to the Orleans bank, and had the cashing bank made inquiries concerning the identity of the holder or the manner in which he became possessed of the instrument, the probabilities are that he would not have withstood the ordeal, but the fraud would have been discovered. In Germania Bank vs. Boutell, supra, the duty of

the cashing bank to require the holder to identify himself is recognized. The rule stated in the Orleans case has been adopted in Massachusetts, in People's Bank vs. Franklin Bank, 88 Tenn. 299; Canadian Bank of Commerce vs. Bingham, 30 Wash. 484, and has been recognized in First National Bank of Marshalltown vs. Marshalltown State Bank, 107 Iowa, 327.

In Ellis vs. Ohio, L. I. & T. Co., 4 Ohio St. 628, a local custom obtained among the banks of Cincinnati requiring the cashing bank, before purchasing a check presented by a stranger and drawn upon another bank, to make careful inquiry concerning his identity and to ascertain whether the paper was genuine and the holder was the owner thereof. The opinion turns upon the holder's negligence in failing to comply with this local custom.

In the case at bar, Viterna was payee of the forged draft and was known to the defendant at the time it purchased the bill. The draft purports to be a foreign bill of exchange, an instrument that for many purposes is intended to circulate as money for a limited period of time; the forgery consisted in forging the name of the drawer and not in raising the amount of a genuine bill, and the drawer maintains its place of business in a neighboring state. The plaintiff does not plead that any suspicious circumstances surrounded the purchase of the bill by the defendant, that Viterna was not a man of fair character or so situated that the possession and presentation by him of a draft for $800 would excite suspicion in the mind of any prudent banker, nor does the plaintiff charge that at any time prior to the presentation of said instrument, the defendant acquired any knowledge or entertained a suspicion concerning the forgery which it withheld from the plaintiff. The plaintiff does charge that the defendant did not take any steps to ascertain whether the draft was genuine or would be paid, but the statement, admitted by the demurrer to be true, must be taken into consideration in connection with the fact that the drawer was in South Dakota, the drawee in Chicago, and the payee was known to the defendant, a resident of Nebraska. It is not pleaded that there was an agreement between the litigants that drafts drawn on each other should not be cashed if presented for sale by a payee known to the cashing bank, unless it first made inquiry concerning the instrument, or that any such custom obtained in Omaha or Chicago, or that the defendant had any means at hand whereby it could have ascertained the genuineness of Moog's signature. In fact, so skillfully was that signature forged that it deceived the drawee, so that had Viterna been acquainted with the paying teller or other employee or officer charged by the plaintiff with the duty of identifying signatures to its customers' drafts, it is more than probable that it would have cashed the draft if the payee had presented the instrument for payment.

In the Orleans case the cashing bank had the drawer's genuine signature to compare with the name attached to the check, and it also had the power to demand that the holder should identify himself: it availed itself of but one safeguard against fraud and we are entirely satisfied with our opinion holding that under the circumstances the Orleans bank was guilty of negligence. But in the case at bar it is not alleged that the defendant had any means other than the identity of the payee to prove the genuineness of the draft. Until the Legislature shall provide that a bank is guilty of negligence in purchasing a foreign draft, fair on its face, from a known payee, unless it first communicates with the drawer and the drawee to learn whether the draft is genuine, we do not feel justified in expending the rule announced in the Orleans case, supra. Drafts aggregating many billions of dollars in value have been issued, negotiated, accepted, and paid by merchants and bankers in reliance upon the rule announced in Price vs. Neal, supra, and to the general satisfaction of the commercial world. So far as we are advised, in but one State of the Union, Pennsylvania, has the Legislature modified that rule. Merchants and

bankers in the great centers of the English speaking world have not moved the Legislatures to modify this principle of the law merchant, and the courts should hesitate before substituting the philosophy of logicians for a practical rule evolved from the necessities of commerce.

The plaintiff also cites First National Bank of Crawfordsville vs. Indiana National Bank, 4 Ind. App. 355, 30 N. E. 808, but it should not be seriously considered as an authority in the case at bar because it refers to a forged school order which the learned judge writing that opinion states, at page 363 of 4 Ind. App., page 810 of 30 N. E., is not negotiable according to the law merchant. The court also holds the indorsement "for collection" by the holder of the order tended to divert scrutiny by the drawee of the drawer's signature, because such an indorsement would indicate the instrument was not circulating as negotiable paper.

The plaintiff further cites First National Bank of Chicago vs. Northwestern, N. B. of C., 40 Ill. App. 640. This case was appealed to the Supreme Court of that State and is reported in 152 Ill. 296. In that case checks purporting to have been drawn by the Central Union Telephone Company upon the Northwestern National Bank of Chicago, payable in four instances to "F. P. Ross, Manager," and in one case to "C. H. Wilson, A. G. Supt.," were received by the First National Bank through the clearing house. The proof established that the payees were employes of the telephone company but were not entitled to the checks, knew nothing about them, and their indorsements, as well as the signature of the drawer, had been forged. The court holds that while the drawee by paying a draft is estopped from thereafter denying the drawer's signature, it does not warrant the signature of any indorser, but the indorser warrants the genuineness of all preceding indorsements; that the parties stood as though the bills were genuine but the indorsements of the payees forged. and the drawee for that reason could recover the money paid by it to the holder of the paper. The opinion is sound but has no application to the instant case, because there were no forged indorsements upon the bill in question.

Ford vs. People's Bank, 74 S. C. 180, is cited by the plaintiff. In that case the plaintiff's drawee paid a forged draft and charged in his petition to recover back the money: "That the plaintiffs paid the said draft upon presentation, upon the faith and credit of the indorsement of the said defendant." A general demurrer to the petition was sustained and the Supreme Court of that State holds that a general indorsement of a forged bill by the holder thereof is a representation that the drawer's signature is genuine upon which the drawee may rely, and, in case the instrument is forged, may recover back money paid the holder. The opinion is against the weight of authority and is not supported by any of the cases cited by that court upon this point, except the case of Woods & Malone vs. Colony Bank, 114 Ga. 683, and the opinion filed in the last-named case cites National Bank vs. Bangs, supra, in support of the principle announced by it and later by the South Carolina court.

In the Massachusetts case the cashing bank was named as payee in a forged check payable to its order, so the instrument could not become current except by the bank's indorsement. The court holds that the payee was negligent in taking the check from a stranger without proof of his identity, and by indorsing the check, gave it currency and standing. In the Georgia case the draft was payable to bearer, and the opinion is sound, based upon the negligence of the cashing bank in not requiring the party from whom it purchased the instrument to identify himself, but so far as it holds upon the reported facts, that the indorsement by the holder was a warranty to the drawee that the drawer's signature was genuine, it is unsound in principle and will not be accepted as a correct statement of the law.

First National Bank vs. Wyndmere, cited by plaintiff, supra, does sustain

its argument, but we are of opinion that the Orleans case, supra, commits this court to the doctrine that the drawee must establish the cashing bank's negligence, or bad faith, to justify a recovery. Since the drawee should only recover in this suit in case the cashing bank was negligent or has acted in bad faith, the burden is upon the former to plead such negligence or mala fides. The pleader in the instant case in our opinion has not stated in his petition facts sufficient to establish that the defendant was negligent, or that it acted in bad faith in purchasing from Viterna the forged draft in question.

The judgment of the district court, therefore, is reversed, and the cause remanded for further proceedings.

PAYMENT OF FORGED CHECK—RECOVERY FROM INNOCENT HOLDER.

PENNINGTON COUNTY BANK vs. FIRST STATE BANK OF MOORHEAD.

SUPREME COURT OF MINNESOTA, MARCH 4, 1910.

A bank which pays to a bona fide holder a forged check purporting to have been drawn upon it by one of its depositors cannot recover the amount so paid.

But in order that this rule may apply the person receiving the check must have taken it in the ordinary course of business, in good faith, and for a valuable consideration.

The term good faith means not only honesty of intention, but the absence of suspicious circumstances, or if such circumstances exist, then such inquiry as will satisfy a prudent man of the validity of the transaction.

O'BRIEN, *J.:* In October, 1908, a stranger calling himself E. W. Davis, presented to the defendant bank at Moorhead, Minn., a check drawn upon the plaintiff bank at Rapid City, S. D., for $1,200, payable to the order of James B. Calhoun, and purporting to be a check of Joseph Jolly, a depositor of the plaintiff. The check was indorsed: "James B. Calhoun." "E. W. Davis." Without any information as to the check, except the statements made by Davis, the defendant took it for collection, stamped it: "For collection. Pay to the order of yourselves. First State Bank, Moorhead, Minn. O. J. Kittelsrud, Cashier"—and forwarded it to the plaintiff in a letter on a printed form, to which was added the following: "If honored, please wire payment under signature of cashier." The Pennington Bank, after an examination of the check, concluded it was genuine, accepted it, and remitted the amount to the Moorhead Bank, which in turn paid it over to the man claiming to be Davis, the second indorser. The check was repudiated by Jolly as a forgery, but by this time Davis had disappeared, and has not since been found. There was no evidence as to the existence of Calhoun. The plaintiff brought this action to recover back the amount so paid by it to the defendant. The court directed a verdict for defendant, and plaintiff now appeals from an order denying an alternative motion for a judgment or a new trial.

It is the contention of plaintiff that the defendant was negligent in accepting the check from a stranger without inquiry or investigation; that plaintiff was justified in accepting the check from defendant, a reputable bank, in reliance that it had acted prudently and upon sufficient investigation when receiving the check; that such an investigation would have revealed the fraud, and protected the plaintiff as well as the defendant; that the defendant was negligent, and by its negligence misled the plaintiff, who may, therefore, recover; also that the words "For collection," indorsed upon the check, together with the request for telegraphic advice if it was honored, conveyed no information to the plaintiff, and it might have properly assumed that the defendant was the owner.

The defendant contends that it received the check in good faith in the ordinary course of business, and occupied the position of a bona fide holder of negotiable paper; that the plaintiff is presumed to know the signature of its customers; and that the words "For collection," stamped upon the check, together with the request that it be ad-

vised by wire if the check was honored, were sufficient notice to plaintiff that it assumed no responsibility with reference to the genuineness of any of the signatures.

We find but one question involved in this appeal. If the defendant, under the evidence, must, as a matter of law, be held to have been a bona fide holder of the check in question, the trial court correctly instructed a verdict in its favor. Upon the other hand, if the evidence warranted a different conclusion, the case should have been submitted to the jury.

It is the settled rule of law in this State that, where a bank by mistake pays a bona fide holder a forged check purporting to be drawn by one of its depositors, it cannot recover back from the innocent holder. It is equally well settled that the bank may recover such payment when made to one who is not a bona fide holder of the forged check. (Germania Bank vs. Boutell, 60 Minn. 189.) For the determination of this question it is immaterial whether the Moorhead Bank accepted the check for collection or as owner, and there remains for consideration only the inquiry: Was it a bona fide holder under the meaning of that term? (Brown vs. Ames, 59 Minn. 476.)

There is no evidence that the defendant had any actual knowledge of the forgery. That it acted honestly in the transaction is, of course, conceded by all; but honest intention alone in the taking or putting off of negotiable instruments is not enough to prove conclusively that one is a bona fide holder. Such a holder is one who in the ordinary course of business takes the instrument in good faith and for a valuable consideration. To establish good faith there must not only be an absence of knowledge of any invalidity, but an absence of circumstances which would put an ordinarily prudent man upon inquiry. If there are such circumstances, and he makes no attempt to ascertain the truth, he cannot claim good faith in accepting the instrument. (Merchants' Nat. Bank vs. Hanson, 33 Minn. 40, 21 N. W. 849, 53 Am. St. Rep. 5; Stein vs. Rheinstrom, 47 Minn. 476, 50 N. W. 827; Limerick Bank vs. Adams, 70 Vt. 132, 40 Atl. 166; Haggard vs. Petterson, 107 Iowa, 417, 78 N. W. 53; Pinkerton Bros. vs. Bromley, 119 Mich. 8, 77 N. W. 307; Pringle vs. Phillips, 5 Sandf. [N. Y.] 157; Danvers Bank vs. Salem Bank, 151 Mass. 280, 24 N. E. 44, 21 Am. St. Rep. 450.)

The case of Germania Bank vs. Boutelle, supra, was as follows: Seymour, an employee of Osborne & Clark, forged their name to a check to his order, drawn upon plaintiff for $457.90. He was indebted to Boutell Bros. for goods purchased upon the installment plan. Boutell Bros., who knew Seymour was a man of no financial responsibilty and in receipt of a very small salary, introduced him to another bank and indorsed the check. The check was paid by the drawee, which, after discovering the forgery, brought suit against both Boutell Bros. and the bank, to which it had paid the amount of the check. A recovery was denied; it being said (page 194 of 60 Minn., page 329 of 62 N. W.) that the defendant bank "took all the precautions which any prudent bank would have taken," and that Boutell Bros.' indorsement of the check went only to Seymour's signature. The one circumstance here which can be claimed to have put the defendant upon inquiry was that Davis was an entire stranger. Such fact has been held not enough to show bad faith. (Commercial Bank vs. First Nat. Bank, 30 Md. 11, 96 Am. Dec. 554; Murray vs. Lardner, 2 Wall. 110, 17 L. Ed. 857.)

Notwithstanding those authorities, I am personally of the opinion that, before a bank takes negotiable paper from a stranger and puts it off, either as owner or for collection, it is necessary for it, in order that it be considered a bona fide holder, to satisfy itself by reasonable inquiry as to the validity of the paper, and that whether this defendant did take such a reasonable precaution was a question for the jury. But a majority of the court hold that the evidence was insufficient to justify a finding that the defendant was not a

bona fide holder of the check, and therefore the learned trial judge properly instructed a verdict for the defendant.

Order affirmed.

BANK DEPOSIT GUARANTY LAW.

ASSARIA STATE BANK ET AL. vs. JOSEPH N. DOLLEY ET AL.

SUPREME COURT OF THE UNITED STATES, JANUARY 3, 1911.

The bank deficit guaranty law of Kansas does not deprive the banks of any right secured to them by the constitution of the United States.

APPEAL from the Circuit Court of the United States for the District of Kansas.

Mr. Justice Holmes delivered the opinion of the court.

This is a bill in equity brought by many State banks of Kansas to prevent the enforcement of the Kansas law providing for a bank depositors' guaranty fund. The defendants demurred. The Circuit Court, while holding the act unconstitutional, dismissed the bill on the ground that the appellants did not show that their rights under the constitution were infringed, and therefore did not state a case within the jurisdiction of the Court. (175 Fed. Rep. 365, 375, 381, 382.) The ground of complaint was that the law imposed certain conditions upon sharing the benefits and burdens of contributors to the guaranty fund, that the appellants would not or could not contribute, and that unless they did the effect of the law would be to drive them out of business. It was complained also that whereas theretofore the plaintiffs would have been entitled to share *pro rata* in the assets of an insolvent bank to which they had given credit, new depositors with such of their debtors as should go into the guaranty system would be preferred. Again, various conditions of the scheme not affecting the plaintiffs were pointed out as unreasonable and arbitrary, and the whole act was alleged to be unconstitutional and void. There was added a charge that the act required taxation to meet the expenses of carrying out the scheme. To all this the Court replied that so far as the plaintiffs were concerned, it did not appear that they could not change their condition so as to enable themselves to contribute, and that the possible preference of other creditors was put as a pure speculation, it not being averred that any guaranteed bank indebted to any of the plaintiffs had failed, to which it might be added that the plaintiffs are free to withdraw their credits and collect their debts now. The charge as to taxation did not state a case under the constitution, and violation of constitutional rights was the only ground for coming into the Circuit Court.

The case of Noble State Bank vs. Haskell, just decided, cuts the root of the plaintiffs' case, except so far as the Kansas law shows certain minor differences from that of Oklahoma. The most important of these is that contribution to the fund is not absolutely required. On this ground it is said, and was thought by the Circuit Judge, that the law could not be justified under the police power. We cannot agree to such a limitation. If, as we have decided, the law might compel the contribution on the grounds that we have stated, it may try to bring about the same result by the creation of motives less compulsory than command and of disadvantages in holding aloof less peremptory than an immediate stop. We shall not go through the details of minute criticism urged by the appellants, in most if not all of which they are in no way concerned.

Perhaps the most striking of these subordinate matters is the preference of ordinary depositors over other creditors, a preference that seems to be overstated by the appellants. This, obviously, is in aid of what we have assumed to be the one of the chief objects and justifications of such laws, securing the currency of checks. The ordinary deposits are those that are drawn against in that way. Another discrimination complained of is that against unincorporated banks and banks not having a surplus of ten per cent. But if the State

might require incorporation it may give advantages to incorporated companies. It might provide that no banking business should be done except by corporations and that corporations should not be formed or continue with less than a surplus of ten per cent., both provisions being for the purpose of assuring safety. If instead of that it allows the plaintiff to keep on without incorporation and with a smaller surplus they cannot complain that the safer banks will outstrip them as the result of the law. We think it unnecessary to discuss the case more at length.

Decree affirmed.

BANK DEPOSIT GUARANTY LAW.

THE NOBLE STATE BANK vs. C. N. HASKELL ET AL.

SUPREME COURT OF THE UNITED STATES, JANUARY 3, 1911.

The bank deposit guaranty law of Oklahoma is not in conflict with any provision of the constitution of the United States.

IN error to the Supreme Court of the State of Oklahoma.

Mr. Justice Holmes delivered the opinion of the court.

This is a proceeding against the governor of the State of Oklahoma and other officials who constitute the State Banking Board, to prevent them from levying and collecting an assessment from the plaintiff under an act approved December 17, 1907. This act creates the Board and directs it to levy upon every bank existing under the laws of the State an assessment of one per cent. of the bank's average daily deposits, with certain deductions, for the purpose of creating a depositors' guaranty fund. There are provisos for keeping up the fund, and by an act passed March 11, 1909, since the suit was begun, the assessment is to be five per cent. The purpose of the fund is shown by its name. It is to secure the full repayment of deposits. When a bank becomes insolvent and goes into the hands of the bank commissioner, if its cash immediately available is not enough to pay depositors in full, the banking board is to draw from the depositors' guaranty fund (and from additional assessments if required) the amount needed to make up the deficiency. A lien is reserved upon the assets of the failing bank to make good the sum thus taken from the fund. The plaintiff says that it is solvent and does not want the help of the guaranty fund, and that it cannot be called upon to contribute toward securing or paying the depositors in other banks consistently with Article I, section 10, and the fourteenth amendment of the constitution of the United States. The petition was dismissed on demurrer by the Supreme Court of the State. (22 Okla. 48.)

The reference to Article I, section 10, does not strengthen the plaintiff's bill. The only contract that it relies upon is its charter. That is subject to alteration or repeal, as usual, so that the obligation hardly could be said to be impaired by the act of 1907 before us, unless that statute deprives the plaintiff of liberty or property without due process of law. (See Sherman vs. Smith, 1 Black, 587). Whether it does so or not is the only question in the case.

In answering that question we must be cautious about pressing the broad words of the fourteenth amendment to a drily logical extreme. Many laws which it would be vain to ask the Court to overthrow could be shown, easily enough, to transgress a scholastic interpretation of one or another of the great guarantees in the bill of rights. They more or less limit the liberty of the individual or they diminish property to a certain extent. We have few scientifically certain criteria of legislation, and as it often is difficult to mark the line where what is called the police power of the States is limited by the constitution of the United States, judges should be slow to read into the latter a *nolumus mutare* as against the law-making power.

The substance of the plaintiff's argument is that the assessment takes private property for private use without

compensation. And while we should assume that the plaintiff would retain a reversionary interest in its contribution to the fund so as to be entitled to a return of what remained of it if the purpose were given up, (see Receiver of Danby Bank vs. State Treasurer, 39 Vt. 92, 98,) still there is no denying that by this law a portion of its property might be taken without return to pay debts of a failing rival in business. Nevertheless, notwithstanding the logical form of the objection, there are more powerful considerations on the other side. In the first place it is established by a series of cases that an ulterior public advantage may justify a comparatively insignificant taking of private property for what, in its immediate purpose, is a private use. (Clark vs. Nash, 198 U. S. 361. Strickley vs. Highland Boy Mining Co., 200 U. S. 527, 531. Offield vs. New York, New Haven & Hartford R. R. Co., 203 U. S. 372. Bacon vs. Walker, 204 U. S. 311, 315.) And in the next, it would seem that there may be other cases beside the every day one of taxation, in which the share of each party in the benefit of a scheme of mutual protection is sufficient compensation for the correlative burden that it is compelled to assume. (See Ohio Oil Co. vs. Indiana, 177 U. S. 190.) At least, if we have a case within the reasonable exercise of the police power as above explained, no more need be said.

It may be said in a general way that the police power extends to all the great public needs. (Camfield vs. United States, 167 U. S. 518.) It may be put forth in aid of what is sanctioned by usage, or held by the prevailing morality or strong and preponderant opinion to be greatly and immediately necessary to the public welfare. Among matters of that sort probably few would doubt that both usage and preponderant opinion give their sanction to enforcing the primary conditions of successful commerce. One of those conditions at the present time is the possibility of payment by checks drawn against bank deposits, to such an extent do checks replace currency in daily business. If then the legislature of the State thinks that the public welfare requires the measure under consideration, analogy and principle are in favor of the power to enact it. Even the primary object of the required assessment is not a private benefit as it was in the cases above cited of a ditch for irrigation or a railway to a mine, but it is to make the currency of checks secure, and by the same stroke to make safe the almost compulsory resort of depositors to banks as the only available means for keeping money on hand. The priority of claim given to depositors is incidental to the same object and is justified in the same way. The power to restrict liberty by fixing a minimum of capital required of those who would engage in banking is not denied. The power to restrict investments to securities regarded as relatively safe seems equally plain. It has been held, we do not doubt rightly, that inspections may be required and the cost thrown on the bank. (See Charlotte, Columbia & Augusta R. R. Co. vs. Gibbes, 142 U. S. 386.) The power to compel, beforehand, coöperation, and thus, it is believed, to make a failure unlikely and a general panic almost impossible, must be recognized, if government is to do its proper work, unless we can say that the means have no reasonable relation to the end. (Gundling vs. Chicago, 177 U. S. 183, 188.) So far is that from being the case that the device is a familiar one. It was adopted by some States the better part of a century ago, and seems never to have been questioned until now. (Receiver of Danby Bank vs. State Treasurer, 39 Vermont, 92. People vs. Walker, 17 N. Y. 502. Recent cases going not less far are Lemieux vs. Young, 211 U. S. 489, 496. Kidd, Dater and Price Co. vs. Musselman Grocer Co., 217 U. S. 461.)

It is asked whether the State could require all corporations or all grocers to help to guarantee each other's solvency, and where we are going to draw the line. But the last is a futile question, and we will answer the others when they arise. With regard to the police power, as elsewhere in the law, lines are

pricked out by the gradual approach and contact of decisions on the opposing sides. (Hudson County Water Co. vs. McCarter, 209 U. S. 349, 355.) It will serve as a datum on this side, that in our opinion the statute before us is well within the State's constitutional power, while the use of the public credit on a large scale to help individuals in business has been held to be beyond the line. (Loan Association vs. Topeka, 20 Wall. 655. Lowell vs. Boston, 111 Mass. 454.)

The question that we have decided is not much helped by propounding the further one, whether the right to engage in banking is or can be made a franchise. But as the latter question has some bearing on the former and as it will have to be considered in the following cases, if not here, we will dispose of it now. It is not answered by citing authorities for the existence of the right at common law. There are many things that a man might do at common law that the States may forbid. He might embezzle until a statute cut down his liberty. We cannot say that the public interests to which we have adverted, and others, are not sufficient to warrant the State in taking the whole business of banking under its control. On the contrary we are of opinion that it may go on from regulation to prohibition except upon such conditions as it may prescribe. In short, when the Oklahoma legislature declares by implication that free banking is a public danger, and that incorporation, inspection and the above-described coöperation are necessary safeguards, this Court certainly cannot say that it is wrong. (North Dakota vs. Wodmansee, 1 North Dakota, 246. Brady vs. Mattern, 125 Iowa, 158. Weed vs. Bergh, 141 Wis. 569. Commonwealth vs. Vrooman, 164 Pa. 306. Myers vs. Irwin, 2 S. & R. 368. Myers vs. Manhattan Bank, 20 Ohio, 283, 302. Attorney General vs. Utica Insurance Co., 2 Johns. Ch. 371, 377.) Some further details might be mentioned, but we deem them unnecessary. Of course objections under the State constitution are not open here.

Judgment affirmed.

BANK DEPOSIT GUARANTY LAW.

ASHTON C. SHALLENBERGER, GOVERNOR OF THE STATE OF NEBRASKA, ET AL. vs. THE FIRST NAT. BANK OF HALSTEIN.

SUPREME COURT OF THE UNITED STATES, JANUARY 3, 1911.

APPEAL from the Circuit Court of the United States for the District of Nebraska.

Mr. Justice Holmes delivered the opinion of the court.

This is a suit by many banks to prevent the Banking Board of Nebraska from carrying out and enforcing an act similar to the Oklahoma statute just passed upon. It forbids banking except by a corporation formed under the act and provides for a guaranty fund. The Circuit Court held the statute unconstitutional and issued an injunction against the enforcement of it. (172 Fed. Rep. 999.) For the reasons given in the foregoing case the decree of the Circuit Court must be reversed.

CHECK INDORSED PAYABLE "TO THE ORDER OF ANY BANK OR BANKER."

FIRST NAT. BANK OF MOUTRIE vs. SAVANNAH BANK & TRUST COMPANY.

COURT OF APPEALS OF GEORGIA, SEPT. 6, 1910.

The payee of a negotiable instrument, in the absence of anything appearing to the contrary, is presumed to be the first indorser; and indorsement "to the order of any bank or banker" carried to the plaintiff, as a bank, the right to collect the amount due on the check, and to bring suit either on the check or for the proceeds thereof.

A petition containing an allegation that the payee indorsed the check to the plaintiff bank for collection, and that the drawee stamped the check "Paid," and charged its customer, the drawer, with the amount the check called for, but has never paid the amount of the check to the plaintiff bank, or to any bank or banker for it, sets forth a good cause of action.

THIS was an action to recover the amount of a check. The points decided are stated in the official syllabus above.

NOTES ON CANADIAN CASES AFFECTING BANKERS

[Edited by John Jennings, B.A., L.L.B., Barrister, Toronto]

SECURITIES OBTAINED FROM MARRIED WOMAN—CONTRACTUAL CAPACITY OF MARRIED WOMAN WHERE HUSBAND IS CONCERNED IN TRANSACTION.

IN THE JUDICIAL COMMITTEE OF THE PRIVY COUNCIL ON APPEAL FROM SUPREME COURT OF CANADA.

(Not yet reported.)

THE action which has given rise to this appeal was brought by Mrs. Stuart, a married lady living with her husband the respondent John Stuart, against the Bank of Montreal with the object of setting aside a series of transactions in connection with a pulp and paper company, known as the Maritime Sulphite Fibre Company, Limited, in which she became involved at the instance of her husband for his accommodation and for the accommodation and benefit of his associates.

The company and it shareholders, who were only five in number, were at the time under heavy liabilities to the bank. Mr. Stuart himself had no available means. Everything he had was embarked or sunk in the company.

The transactions in question began by Mr. Stuart, who was impecunious and strangely sanguine, offering his wife as security to the bank for some further advances which his associates, more solvent and less hopeful, were unwilling to guarantee. They ended in the transfer to the bank of everything Mrs. Stuart possessed, so that in 1904, she was, as the bank was informed by its solicitor, "absolutely cleaned out."

The Trial Judge dismissed the action with costs, holding in effect that Mr. Stuart exerted no undue influence over his wife, that she perfectly understood what she was doing and acted on her own uncontrolled judgment, and that no unfair advantage was taken of her. The learned Judge was prepared to hold that Mrs. Stuart received ample consideration for the liability she undertook, though he did not rest his decision on that ground.

In the Court of Appeal for Ontario, which consisted of four members, two learned judges agreed with the trial judge. Garrow, J., thought that Mrs. Stuart was entitled to relief, having regard to the peculiar facts and circumstances of the case. The learned Chief Justice also thought that Mrs. Stuart was entitled to relief, but he based his judgment on the case of Cox vs. Adams, in the Supreme Court of Canada (35 C. S. C., Rep. 393), which decided, or was supposed to have decided, that no transaction between husband and wife for the benefit of the husband can be upheld unless the wife is shown to have had independent advice. As the Court was equally divided, the judgment of the Court below was affirmed.

On appeal to the Supreme Court of Canada, which consisted of five judges, one was for dismissing the appeal, the other four learned judges held that the case was concluded by Cox vs. Adams, and pronounced judgment in favor of the plaintiff. From that judgment, the Bank of Montreal obtained special leave to appeal to his Majesty in Council.

Their Lordships do not think that the doctrine supposed to be laid down in Cox vs. Adams can be supported, and, in fact, no attempt to support it was made by the learned counsel at the Bar, who appeared for Mrs. Stuart. On the other hand, their Lordships are compelled to take a view of the facts and circumstances of the case very different from that which commended itself to the trial judge and the learned judges who agreed with him.

Mrs. Stuart was the only child of Mr. John Jacques, a wealthy manufacturer in Toronto. In 1856 she married Mr. Stuart, who was the head of a wholesale grocery business in the City of Hamilton, and became vice-president and afterwards president of the Bank of Hamilton.

No settlement was made on Mrs.

Stuart's marriage. But, in 1873, her father bought for her a residence near the City of Hamilton, called Inglewood. It is described by the manager of the Bank of Montreal at Hamilton as "a large house" with "extensive grounds," and stated to be "assessed at $35,000." It was conveyed to Mr. Stuart in fee simple. In 1875, at the request of Mrs. Stuart's father, Mr. Stuart executed a deed, declaring that the property had been bought in trust for his wife and that he stood seized thereof for her sole and separate use, free from his control and engagements.

In 1886 Mrs. Stuart's father died. He left everything to his daughter and made her his executrix with a gentleman who declined to act. Under his will, Mrs. Stuart became entitled to property of the value of $250,000 or thereabouts. The will is not in evidence, but it is common ground that all the property which she derived from her father was her separate estate. From her father's death, Mr. Stuart assumed the entire management of his wife's property.

Throughout the transactions which are impeached in this action, Mr. Alexander Bruce, Q. C., was solicitor for the Bank of Montreal. He was also, during the earlier part of the transactions, Mr. Stuart's solicitor. He had been solicitor for a railway company of which Mr. Stuart was president, and was thus, as he says, "brought in contact with him a great deal." He admits that "undoubtedly" he was the "personal solicitor or personal legal adviser" of Mr. Stuart, adding, however, that he thought that he was not so in everything. But it is not suggested that in these transactions, until July, 1904, Mr. Stuart had any other solicitor or legal adviser.

In 1886, Mr. Stuart, who was then worth some $250,000 of his own, became interested in the sulphite company. At his suggestion Mr. Bruce joined him in the venture. Mr. Stuart became president and Mr. Bruce a director and secretary of the company. Its works were at Chatham, New Brunswick.

From the first the company seems to have been unsuccessful. Never once apparently during its struggle for existence did it pay any dividends on its shares or any interest on its bonds. Its nominal capital originally was $100,000. In 1891 it owed $275,000 to the bank. In that year it obtained a special Act of Parliament, authorizing the issue of preference shares and bonds. The preference as well as the ordinary or common shares were all shares of $100 each. The only shareholders in the company at the time were Mr. Stuart, Mr. Bruce, Mr. A. B. Lee, Mr. Leys, since deceased, and a Mr. Brown. The company created and issued a thousand preference shares, which were all taken by the five shareholders and paid up in full. The proceeds were handed over to the Bank of Montreal. By this payment the debt to the bank was reduced to $175,000, which was guaranteed by bonds of the company and a promissory note for $100,000, executed by the company and by Mr. Stuart. Mr. Stuart received a counter guarantee, signed by the other shareholders, for different amounts, under which Mr. Bruce became liable for $26,500. The benefit of the counter-guarantee was assigned over to the bank.

At the end of the year 1895 the company was in great straits. It owed $100,000 to the Bank of Hamilton, and another sum of $100,000 to the Bank of Montreal, in addition to the old debt of $175,000, which in the beginning of 1896 amounted with interest to $196,052. For each of the two sums of $100,000, Mr. Lee and Mr. Stuart were jointly and severally liable.

It was then proposed by Mr. Stuart that he should pay the $100,000 owing to the Bank of Hamilton and that Mr. Lee should pay the $100,000 owing to the Bank of Montreal, and that the bank should be asked to find further advances, which it was thought the bank would be willing to make on the security of materials in the hands of the company. Mr. Lee fell in with the proposal and paid the Bank of Montreal $100,000. Mr. Stuart, whose

means were then exhausted, discharged the $100,000 owing to the Bank of Hamilton by getting his wife to sign a note for $125,000 as for a loan to her. The Bank of Hamilton discounted the note, and Mr. Stuart paid it out of his wife's moneys.

The Bank of Montreal it seems was willing to allow the sulphite company to overdraw to the amount of $50,000, which it was supposed would be sufficient for its immediate needs, but the bank declined altogether to make any further advances without the personal security of the shareholders in the company. It seems to "me," said Mr. Macnider, a principal official of the bank, writing for the general manager to Mr. Stuart, "too absurd that the bank should be expected to take a risk that the individuals immediately interested hesitate to guarantee." He added, "Our communications about the working of the account have always been with you and Mr. Bruce, and I shall be glad to hear that you have arranged to complete the guarantee necessary to enable us to establish the credit in Chatham, for judging from the telegrams we received from our manager there, it cannot be arranged too soon for the convenience of your people."

Thereupon Mr. Bruce prepared a guarantee for $50,000, limited to future advances. He signed it himself, and sent it to Mr. Stuart for his signature and the signature of Mr. Lee. Mr. Lee hesitated and required time to consider his position. Then it occurred to Mr. Stuart, who had just dissipated half his wife's fortune in satisfying the claim of the Bank of Hamilton, to offer his wife as a guarantor to the Bank of Montreal.

(The Learned Law Lord, then proceeds to read in extenso, letters from Mr. Stuart the the Bank of Montreal and from Mr. Bruce to Mr. Lee and from Mr. Stuart to Mr. Bruce which express the arrangement by which Mrs. Stuart was to be induced to become a guarantor and the consideration or inducement to be given to her.)

On February 18, 1896, Mr. Stuart wrote to Mr. Macnider, asking for a few days' more time to complete the proposed guarantee, saying by way of explanation, "Mr. Bruce will tell you that he has been negotiating with the other stockholders as to the terms on which my wife will join me in the guarantee." For some reason or other Mr. Stuart did not contribute any shares himself. The other shareholders agreed to sign a contract prepared by Mr. Bruce, by which they mutually undertook to transfer to Mrs. Stuart the shares set opposite their respective names, amounting in the aggregate to 134 preference shares and 100 ordinary shares, towards which Mr. Bruce contributed thirty-four preference shares. The intended transfer was expressed to be "in consideration of Mrs. Jane J. Stuart giving a guarantee to the Bank of Montreal for advances made and to be made to the said company to the extent of $100,000." The extension of the guarantee so as to cover past advances appears for the first time in this agreement.

To Mr. Stuart, of course, the alteration was absolutely immaterial. He had nothing to lose. To Mrs. Stuart it was an important extension of liability, though in the actual guarantee liability was limited to past advances by the Chatham branch of the bank. To Mr. Bruce, it was certainly not wholly immaterial. Mr. Bruce seems to have made the alteration in the interest of the bank and the shareholders in the company without even bringing it to the attention of Mr. Stuart. Asked whether in preparing the guarantee, he was acting as solicitor for both the bank and Mr. Stuart, he replied: "Well I think I was acting as solicitor for the Bank of Montreal in drawing the guarantee, and I don't think Mr. Stuart had any other independent advice. I think both parties were quite willing to take the guarantee as prepared by me."

It is admitted that Mr. Bruce had no communication of any sort with Mrs. Stuart until she appeared in his office with her husband and signed the guarantee, which covered future advances and past advances from the Chatham agency. The advances through that agency at the close of 1895, after Mr.

Lee had discharged the debt of $100,-000, amounted to the sum of $11,100, and that sum remained due when the guarantee was signed.

In the meantime, Mr. Stuart had written to Mr. Macnider in reply to his request for information as to Mrs. Stuart's means, stating that "she owned bank and other stocks of the value of about $100,000, mortgages $70,000 and real estate from $50,000 to $70,000." He did not in his letter tell Mr. Macnider that that amount had been diminished by the $125,000 for which Mrs. Stuart had bound her separate estate by her note for $125,000 in favor of the Bank of Hamilton.

On receipt of Mr. Stuart's letter, Mr. Macnider at once wrote to Mr. Bruce, repeating the information Mr. Stuart had given to him about his wife's means, adding, "I should like to have your professional opinion of her legal ability and right to bind all the estate by endorsement or guarantee and your opinion also as to its value and if unencumbered."

On February 21, Mr. Bruce sent Mr. Macnider his "opinion as to Mrs. Stuart's power of contracting means." The bank represented by Mr. Bruce in this action claims privilege for that document, and it has not been produced. Now, the only person to whom Mr. Bruce could apply for information as to Mrs. Stuart's means was Mr. Stuart, and it was obviously Mr. Bruce's duty to make such an application. If Mr. Stuart disclosed the transaction with the Bank of Hamilton, the Bank of Montreal must have known that Mrs. Stuart had already parted with half her fortune. If he did not do so, he was acting unfairly both to the Bank of Montreal and to his wife.

On February 24, 1896, at Mr. Bruce's office, Mrs. Stuart executed the guarantee for $100,000 in favor of the bank. On the same day, and as parts of one and the same transaction, two other instruments were executed. One was the shareholders' agreement already mentioned for the transfer to Mrs. Stuart of certain shares in the company, which were at the time, as Mr. Stuart reminded Mr. Bruce, "of only nominal value." The other was an indenture made between Mr. Stuart of the first part, Mr. Lee of the second part and Mrs. Stuart of the third part, whereby, after stating that Mr. Lee and Mr. Stuart had paid for the company the sums of $125,000 and $150,000 respectively (the same sums it will be observed as the "cash advances" mentioned in Mr. Stuart's letter of February 12), those advances were postponed to Mrs. Stuart's claims in respect of advances under her guarantee.

In this deed it was among other things witnessed, that "for the consideration aforesaid," that is in the consideration of Mrs. Stuart giving her guarantee, Mr. Stuart agreed with Mrs. Stuart that if she paid any money for the company under her guarantee, she should be paid by the company all sums so paid before Mr. Stuart received any part of "the company's said indebtedness to him." Now the company's indebtedness to Mr. Stuart and Mr. Stuart's so-called "cash advances" to the company included the $125,000 paid by him out of his wife's moneys, so that the postponement of Mrs. Stuart's advances to the Bank of Hamilton to her advances through the Bank of Montreal is actually treated as part of the consideration moving to her. It is impossible to suppose that when Mr. Bruce prepared this document and allowed Mr. Stuart to execute it and put it before Mrs. Stuart for her execution, he could have been aware of the real transaction with the Bank of Hamilton.

The rest of the story may be told very shortly. On July 14, 1896, Mr. Stuart procured his wife to assign to trustees for the bank, mortgages for sums amounting to $27,000 or thereabouts, to secure advances for the purchase of fixed machinery.

On April 11, 1898, Mr. Stuart procured his wife to sign another guarantee to the bank for $125,000, which included the former guarantee for $100,-000. The giving of this guarantee was arranged at an interview between Mr. Macnider, Mr. Stuart and Mr. Bruce, of which Mr. Macnider gives an account

in a letter of April 1, 1898, to the manager at Chatham, saying, among other things, "Mrs. Stuart is to increase her guarantee to $125,000 to be prepared by Mr. Bruce."

In 1901 the company went into liquidation.

On October 2, 1903, Mrs. Stuart and her husband gave the bank a mortgage upon all her real estate.

The result of these transactions was that Mrs. Stuart surrendered to the bank all her estate, real and personal, including Inglewood, and was left without any means of her own. Mr. Stuart had nothing but a life annuity or retiring pension from the Bank of Hamilton, which the Bank of Montreal claims in the event of Mrs. Stuart succeeding on this appeal.

The evidence is clear that in all these transactions Mrs. Stuart, who was a confirmed invalid, acted in passive obedience to her husband's directions. She had no will of her own, nor had she any means of forming an independent judgment even if she had desired to do so. She was ready to sign anything that her husband asked her to sign, and do anything that he told her to do. At the same time it is right to say that in her evidence in this action she repudiates the notion that any influence was exerted or any pressure put upon her, or that her husband made any misrepresentation to her. She says she acted of her own free will to relieve her husband in his distress and that she would have scorned to consult anyone. She certainly knew that she was incurring liability in order to help her husband and the company in which he was interested. Her declarations in the course of her cross-examination that she acted of her own free will and not under her husband's influence, merely show how deeprooted and how lasting the influence of her husband was.

Such being the facts of the case, can these transactions stand?

Their Lordships accept the law as laid down by Parker, V. C., in Nedby vs. Nedby 5 De, and Sm 377, to the effect that in the case of husband and wife the burden of proving undue influence lies upon those who allege it. It is difficult to determine in any case the point at which the influence of one mind upon another amounts to undue influence. It is specially so in the case of husband and wife, for as Lord Cranworth observed: "The relation constituted by marriage is of a nature which makes it as difficult to enquire, as it would be impolitic to permit enquiry, into all which may have passed in the intimate union of affections and interests which it is the paramount purpose of that connection to cherish." (Boyse vs. Rossborough, 6 H. L., C. 48.)

It may well be argued that when there is evidence of overpowering influence and the transaction brought about is immoderate and irrational, as it was in the present case, proof of undue influence is complete. However that may be, it seems to their Lordships that in this case there is enough, according to the recognized doctrine of equity, to entitle Mrs. Stuart to relief. Unfair advantage of Mrs. Stuart's confidence in her husband was taken by Mr. Stuart and also, it must be added, by Mr. Bruce. Their Lordships do not attribute to Mr. Bruce intentional unfairness, but Mr. Bruce was in a position in which it would have been almost impossible for any man to act fairly. He was solicitor for the bank. He was the legal adviser of Mr. Stuart. He took upon himself to enter into negotiations with his fellow shareholders on behalf of Mrs. Stuart. Above all, he had, as the managers of the bank well knew, a strong personal interest in procuring Mrs. Stuart to give the guarantee. He knew that all Mr. Stuart's means were embarked in the company, and no one knew better than he, that unless someone came forward and guaranteed the bank in respect of further advances, his own interest and the interest of his associates as shareholders were worth nothing and his claim as a creditor in all probability equally valueless. He and his associates, other than Mr. Stuart, were unwilling to risk their own moneys. Mr. Stuart had no money to risk. The game Mr. Stuart was play-

ing was desperate. It was the throw of the gambler with money not his own.

No man in his senses with regard to the interests of Mrs. Stuart or the interest of Mr. Stuart could have advised Mrs. Stuart to act as her husband told her to do. The bank left everything to Mr. Bruce, and the bank must be answerable for what he did. Without communicating with Mrs. Stuart, Mr. Bruce, of his own motion, extended the guarantee to past advances from the Chatham branch. More than that, he took upon himself to act on behalf of Mrs. Stuart in procuring the transfer of shares to her by way of consideration for undertaking a risk which neither he nor any of his solvent associates were willing to accept. And the consideration, as he must have known if he had considered the matter, was absolutely illusory. It was worse than illusory, for it fixed Mrs. Stuart with a common interest in the fortunes of the company and no doubt relieved her husband from any feeling of compunction in getting his wife to make so great a sacrifice for the benefit of the shareholders and afterwards dragging her deeper into the mire. Now it has been laid down in the House of Lords that the husband's solicitor owes a duty to the wife in transactions between the husband and wife where her interests are concerned. "I think," said Lord Davey, in Willis vs. Barron, 1902, A. C. 283, "it is a sound observation that a wife usually has no solicitor of her own apart from her husband, and I think she is prima facie entitled to look to her husband's solicitor—the solicitor of her husband's family—for advice and assistance until that solicitor repudiates the obligation to give such advice, and requires her to consult another gentleman."

That observation seems to apply with peculiar force to a case like this, where a solicitor takes upon himself to intervene on behalf of the wife. Mr. Bruce undertook a duty towards Mrs. Stuart, but he left her in a worse position than she would have been if he had not interfered at all. His course was plain. He ought to have endeavored to advise the wife and to place her position and the consequences of what she was doing fully and plainly before her. Probably, if not certainly, she would have rejected his intervention. And then, he ought to have gone to the husband and insisted on the wife being separately advised, and if that was an impossibility, owing to the implicit confidence which Mrs. Stuart reposed in her husband, he ought to have retired from the business altogether, and told the bank why he did so.

Their Lordships are of opinion that the order of the Supreme Court of Canada is right, though they are unable to concur in the reasons on which the order is founded, and they will humbly advise His Majesty that the appeal should be dismissed with costs.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department

LOST CHECK

December 3, 1910.

Editor Bankers Magazine:

SIR: On October 13, there was deposited in this bank, by one of our depositors, a check drawn on a bank in another town. We forwarded the check to our Baltimore correspondent, and the Baltimore bank forwarded it to its correspondent in Alexandria. The Alexandria bank mailed it, on October 15, to the bank on which the check was drawn, which was only a short distance from Alexandria.

On October 27, the Alexandria bank wrote us that the check had been lost in transit between their bank and the town where the check was payable, and requested us to procure a duplicate. In the meantime we had allowed our depositor to check against this fund.

On October 28, we received a letter from our Baltimore correspondent stating they had been advised by the Alexandria bank of the loss of the check, and that the Alexandria bank had charged the amount of the check to their account and they in turn charged the amount to our account.

Has our Baltimore correspondent the right to charge our account with the amount of the lost check?

Was not the Alexandria bank negligent

in not sooner detecting and reporting the loss of the check?

Can we compel the drawer of the check to issue a duplicate. If so, under what conditions? CASHIER.

Answer: It appears from the statement of the case that the check was credited to the customer in his account, and that he was allowed to draw against it, and that when it was received by the Baltimore bank, it was credited to the account of the Leesburg bank. The title of the payee to the paper, therefore, passed to the Leesburg bank, and from that bank to the Baltimore bank, and so on. (Metropolitan Nat. Bank vs. Lloyd, 90 N. Y. 530; Briggs vs. Central Nat. Bank, 89 N. Y. 182; Tyson vs. Western Nat. Bank, 77 Md. 412; Armour Packing Co. vs. Davis, 118 N. C. 548; Security Bank vs. Northwestern Fuel Co., 58 Minn. 141, 144.) If the paper had been dishonored, the various credits might have been regarded as provisional only, and the check returned by each successive transferee until it reached the payee. But the right to cancel any such credit could not exist merely because the check had been lost; for it could not be supposed that this was a condition of the transfer.

The case in this respect would not be different from that where a payee delivers the check to his creditor in payment of a debt, in which case it is clear that the creditor could not claim payment of the debt because he had lost the check, though he might do so if the check had been dishonored. At the time the instrument was lost, the Alexandria bank was the holder thereof, and its position is not different from that of any other holder who has lost a negotiable instrument. It has its remedy, but that remedy is not by falling back on its transferer or any prior holder. We think, therefore, that the Baltimore bank had no right to charge back the item to the Leesburg bank.

INVESTMENTS

Conducted by Franklin Escher

THE ANALYSIS OF RAILROAD REPORTS

Written for THE BANKERS MAGAZINE by Wrenn Bros. & Company

THE improvement in the methods generally used by students in the analysis of railroad reports can hardly be said to have kept pace with the growth of the country. These methods have undoubtedly been much improved during the past decade, but they are still primitive in some respects, and lead to errors which could easily be avoided. Speculators and investors, owing to these antiquated methods of analysis, often make mistakes by way of needlessly over-estimating the values of securities. It seems to us worth while to draw attention to some of these antiquated methods, and also to some methods, which though not antiquated, can be improved upon.

GROSS EARNINGS.

In the early years of railway building, it was quite necessary, in making comparisons of gross earnings from year to year, to eliminate the changes due to increased mileage; and on this account we fell into the habit of stating gross earnings per mile of road operated. This method of comparing earnings from year to year is undoubtedly enlightening when it is confined to a single railway system which during the period covered by the comparison has not materially increased its mileage; but when the comparison is made between different systems, the per-mile basis is often misleading and seldom really enlightening.

To compare the gross earnings per mile of a system like the Pennsylvania Railroad, having a high density of traffic, with a system like the St. Paul, having a comparatively low density of traffic, would be little short of absurd, and would make the St. Paul appear in a decidedly unfavorable light. The latter company is, however, as good an earner as the Pennsylvania; and if the comparison were made per thousand dollars of total capitalization instead of per mile, this fact would be clearly brought out.

It is not miles of road upon which dividends and interest are paid, but rather capitalization—or in other words, stocks and bonds. On this account, gross earnings per thousand dollars of capitalization are quite significant, even in widely separated geographical sections, and under widely different conditions. Indeed, after making comparisons per thousand dollars of capitalization, it is difficult to see what additional light would be thrown upon the subject under any conditions by a comparison per mile of road.

Maintenance Charges.

The usual methods of comparing maintenance charges are, in our opinion, equally unenlightening. Maintenance charges are usually given per car, or per locomotive, or per mile of road. Here again almost the entire value of the comparison is destroyed by the variety of conditions under which both freight and passenger operations have to be conducted. Where the density of traffic is high, the maintenance charge per mile of road is almost correspondingly large and vice-versa. Hence, even in equally well maintained systems, charges vary according to the varying density of traffic.

Moreover, to give maintenance charges per car or locomotive often leads to precisely the wrong conclusion; for a road which is well supplied with good equipment does not need to spend much per car or per locomotive; and this fact would lead to the supposition that such a road was poorly maintained. On the other hand, a road using a large percentage of old and worn-out equipment is obliged to spend large amounts per car and per locomotive; and comparisons made on this basis would lead the unobserving to think such a road well maintained.

The Best Units.

Probably the best method of comparing maintenance charges is to proportion them to the amount of work done; and while there is no accurate measure for the amount of work done by any railroad, the best units are undoubtedly the passenger-mile and the ton-mile. Comparisons of maintenance charges per thousand-ton-miles are enlightening even when these comparisons are applied to railroad systems operating under extremely different conditions.

These comparisons can be still further improved by combining the ton-mileage and the passenger-mileage; and this can be done with sufficient accuracy, for all practical purposes by multiplying the passenger-mileage by 2.74, and adding the product to the ton-mileage. For convenience sake, the sum thus obtained may be called "service-mileage." It is true that the average revenue from carrying a passenger one mile is somewhat less than 2.74 times the average revenue from carrying a ton of freight one mile; but we are here seeking not a unit of revenue, but a unit of service rendered; and for the service which a railroad renders in its pasenger traffic, it is not so well paid as for the service which it renders in its freight traffic. Just what the difference is it is, of course, impossible to calculate, but the ratio 2.74 is the ratio of 106 per cent. of the average revenue per passenger per mile to the actual average revenue per ton per mile.

In other words, this ratio is based upon the assumption that passenger business in order to be as profitable as freight business would have to pay rates at least six per cent. higher than those actually paid; and whether this assumption is exactly accurate or not, it is sufficiently so for the purpose of ob-

taining a unit of service, and thus making comparisons of maintenance charges. If maintenance charges are compared per thousand "service-miles" it may be pretty accurately determined which roads are well maintained and which poorly maintained.

Gross Earnings and Surplus.

Moreover, the value of gross earnings as a measure of stock values is, in our opinion, greatly underestimated, and the value of surplus earnings as such a measure is over-estimated. Suppose, for example, that the common stock of a given railway company is equal to 44 per cent. of its entire capitalization. If forty-four per cent. of the company's gross earnings be assigned to the common stock, and then the ratio of these earnings to the market value of the common stock be obtained, this ratio will be found to be more enlightening as to the value of the stock than will the ratio of surplus earnings to the par value of that stock.

For all roads in the United States, the average ratio of the gross earnings assignable to capital stock is about fourteen per cent.; and unless a railroad earns more than fourteen per cent. gross (as defined above) on its stock, its stock is presumably a poor purchase.

An Example.

How serviceable this test is has been well illustrated in the development of the Atchison system. In 1900, Atchison sold at an average price of about thirty dollars per share, and the gross earnings assignable to the common stock, as above, amounted to 50.5 on this price, thus indicating that the stock was a bargain. This indication would not, of course, have been of any value had not the ratio of net earnings to total capitalization somewhat exceeded the average rate of interest paid by the company on its bonded debt; for unless the ratio of the net to capitalization exceeded the average interest rate, it would be a wholly illogical procedure to assign any definite proportion of the gross earnings to the common stock.

The indication that the stock was a bargain proved correct; for its price rose above ninety-six in 1902, and its ratio of gross earnings to the market value of the stock fell to 16.9, thus indicating that the stock was selling for somewhat more than it was worth. This ratio of 16.9 is very close to the average ratio for all roads in the United States (fourteen per cent.), and a stock whose ratio is so little in excess of the average should certainly be regarded as attractive.

The Worth of This Measure of Value.

The worth of this measure of the value of a stock may be readily demonstrated by tabulating by years this ratio of gross earnings (assignable to

common stock) to the market value of the stock, and in parallel columns the ratio of surplus earnings to the par value of the stock, and also the high and low prices of the stock. It will be found by such a tabulation that the stock is usually a sale just at the time when its surplus earnings indicate that it is the greatest bargain, and that it is a purchase just at the times when its surplus earnings indicate that it is the poorest purchase. But it will also be found that the above ratio of gross and market value very clearly and reliably indicates when the investor should buy the stock and when he should sell it. In other words, when this ratio is high, the stock is almost invariably a purchase, and when it is low it is almost invariably a sale—from the investor's point of view.

Operating Ratios.

It is worth observing, also, that the significance of operating ratios or expense ratios is very often wrongly estimated. An operating ratio in itself shows nothing at all; but in conjunction with the average freight and passenger rates, the kind of tonnage carried, and the percentage of passenger revenue to total operating revenue, it shows a great deal. The cost of carrying a passenger or a ton of freight tends to be invariable; and, therefore, high passenger and freight rates ordinarily mean low operating ratios and large earning power; and vice-versa. It can hardly be known whether these rates are high or low without observing the character of the tonnage carried. With low grade tonnage like that of the Pennsylvania Railroad, for example, an average freight rate of less than six mills per ton-mile is very profitable, whereas this rate on high-grade freight would not pay operating expenses. Moreover, a high percentage of passenger revenue to total revenue tends toward a high operating ratio, since the profit in handling passenger business is the smaller. Unless these points are taken into consideration, a large maintenance expenditure, representing large sums of money put back into the property, may give exactly the wrong impression by resulting in a high operating ratio.

Expecting the Impossible.

In estimating the values of low-priced stocks, it is also important to observe the amount of funded debt per share of stock. Where the funded debt per share is especially large, the outlook for even the future value of the stock is apt to be correspondingly small. It not infrequently happens that Wall Street, under the influence of manipulation, expects the impossible from a railroad stock. Where the funded debt per share is high, freight and passenger rates low, the percentages of net earnings to capitalization and of gross earnings to capitalization low, maintenance charges per thousand and "service-miles" low, it is practically impossible for a stock to have any great value even in the remote future.

Can we not, by improving our meth-

ods of analysis, avoid a great many mistakes of both over-estimating and under-estimating present and future railroad values?

"HARD CASES"

A GROUP of bond salesmen were gathered in the lobby of a Springfield hotel after dinner, discussing experiences. The talk ran to "hard cases."

"I got my training in the bond business with Matt C. Smith," said a salesman for a New York bond house. "Smith is now treasurer of the United States & Mexican Trust Company, with headquarters in New York. At the time I started with him he was traveling for a big Chicago bond house and making a specialty of hard cases—men that no one else could see.

"I was his 'private secretary'; did nothing but go out ahead of him and make appointments. This, by the way, was a great idea of his. The prestige of a private secretary would get him audiences with people he never could have reached otherwise and he was the kind that with a clear track and a hearing would close pretty near every man he saw. But that is another story.

"One afternoon in Buffalo, N. Y., we had a little spare time and no appointments, so we started out to see a few good people 'catch as catch can'. We struck one place, a big manufacturer's, and were ushered into his private office. The fellow was studying some reports on his desk. Smith laid his card before him. The man read the card, gave Smith a mean sort of a look and, without saying a word, nodded with his head in the direction of the door. Then he turned back to his reports. Smith stood still for a while and then cleared his throat. Hearing this, the manufacturer, without looking up, removed the card from his desk and dropped it in the waste paper basket.

"Smith got a little pale, leaned over and in a hard, cold voice that vibrated with wrath, spoke right in the man's ear.

" 'Pick up that card, you boor!' he said. The fellow's face got red, he glanced sidewise at Smith, who was a pretty husky boy, and finally he leaned over and dug the card out of the waste basket and handed it back to Smith.

" 'I beg your pardon,' said he. Smith turned to go and I followed him. The manufacturer called to us to stop, but Smith wouldn't listen. 'I wouldn't sell a cur like that,' he told me.

"Another one of Smith's specialties was dealing with the busy little business man who keeps a salesman standing by his desk without so much as a greeting while he goes on reading mail. Smith would gently roll the man's chair to one side and sit himself on the mail. Then he would start in with his talk, addressing the prospect from a seat on the desk.

"It takes a husky man with nerve to adopt these tactics, but after a wide experience in dealing with office boors, I think it is the best. It sort o' wakes them up to themselves. It's been a long time since Smith carried the Wallet, and to meet him you would think he loved peace and diplomacy above everything. But if I were going up against one of these fire eaters I don't know a man I'd rather take along than Matt C. Smith."

THE RECORD OF THE LOW GRADE PORPHYRY COPPER MINES

Written for THE BANKERS MAGAZINE by Hayden, Stone & Co.

OF all trite and homely adages, there is none more universally true than that, "the proof of the pudding is the eating."

It is now about six years since the attempt was first made, on a large scale and by responsible parties, to commercialize the law grade copper ore deposits of Bingham, Utah, and Ely, Nevada. These had been known to exist for a great many years, but owing to their very low grade, much lower than that of any deposits being commercially worked (except in Michigan, where copper was in its native form), it was not supposed possible that they could be of commercial value. That these deposits, however, if treated on a very large scale and under new methods, could be made to yield a handsome profit was appreciated and insisted on by Mr. D. C. Jackling, and under his leadership and that of other progressive engineers, the capital was found to open up the properties and build the railroad and the extensive reduction works that were required.

This new departure was regarded with a good deal of skepticism by many mining men, and perhaps with a little contempt by some of the old school, and until this very year it was, and perhaps quite naturally, scarcely believed possible by the general run of mining inves-

tors, that these deposits could be made to yield the profit that was claimed for them.

DIVIDENDS PAID.

The ultimate test of any mining proposition, and for that matter, of any commercial enterprise, is the dividends that it will pay. Nineteen hundred and ten has been the first year that the two producers in the low grade porphyry group have attained to anything like their full production, and had a chance to show their real capacity. The record that they have made during this year, and especially, considering that this record was made in a year of comparative low price for the metal, is an argument that is unanswerable by opponents of this type of mine.

We present below the estimated production, in groups, of the four principal

	Estimated Production 1910	Dividends
Low Grade Porphyry Group—		
Utah Copper	90,000,000	$4,667,000
Nevada Consolidated	65,000,000	1,493,000
Total Porphyries	155,000,000	$6,160,000
Butte Group—		
Anaconda	235,000,000	$1,350,000
Amalgamated	....	3,077,000
Butte Coalition	....	1,000,000
North Butte	28,000,000	440,000
Miscellaneous	20,000,000	200,000
Total Butte	283,000,000	$6,067,000
Lake Superior Group—		
Ahmeek	11,750,000	......
Allouez	4,850,000	......
Calumet & Hecla	71,000,000	$2,900,000
Centennial	1,500,000	......
Copper Range	32,500,000	1,536,000
Isle Royale	7,300,000	......
Mohawk	12,000,000	200,000
Osceola	19,000,000	634,000
Quincy	21,900,000	550,000
Superior	3,200,000	......
Tamarack	11,500,000	......
Wolverine	10,000,000	600,000
Miscellaneous	5,000,000	......
Total Lake Superior	211,500,000	$6,420,000
Bisbee Group—		
Phelps, Dodge & Company	139,000,000	$5,400,000
Calumet & Arizona	28,000,000	800,000
Superior & Pittsburgh	25,000,000	......
Shattuck-Arizona	18,000,000	700,000
Total Bisbee	210,000,000	$6,900,000

groups of copper mining properties, and the dividends paid during the calendar year. In stating these dividends we have tried to eliminate all inter-company payments, showing the actual amount paid to the public.

It will be noted that the two low grade porphyry mines, with an aggregate production much less than that of any other group, have paid—in the aggregate—dividends totalling well up to those paid by the other groups.

A further analysis of the figures will show that the dividends paid per pound by the two low grade porphyry mines were very nearly four cents; those paid by the Butte mines, 2.14; by the Lake Superior, approximately, three, and by the Bisbee group, 3.3.

Such figures it seems to us, are an absolute proof of the contention that these porphyry mines can produce copper at an exceptionally low cost. Evidently, so far as the metal market is concerned, these mines will continue to pay dividends at least as long as any other group.

It is this actual record of cash dividends that forms the backbone of the argument in favor of these mines. There are, however, other features that, while perhaps of rather less importance, are interesting to note.

Other Features.

For instance, of all the large copper mining companies in this country, the Utah Copper has been almost, if not quite, the only one that has actually increased its dividend rate since the depression of the metal in the latter part of 1907. There has been, since that time, almost no advance in the price of copper, and this increase was due entirely to the company's increasing production, and, consequently, to its expanding profits.

This raises a still more important factor, viz.: that while the mines in the other groups, taken as a whole, have reached, approximately, their ultimate productive capacity, these porphyry mines have still a considerable way to go before reaching their maximum capacity; consequently, while a rise in the price of copper is the only factor that will increase the earnings of the other groups, the Utah Copper may be expected to add to its earnings, even if the price of copper remains stationary, while if it should advance, it will—of course—be of the greatest benefit to these companies, with their enormous individual outputs.

In closing, it may be said,—that such a record as the above is a most brilliant augury for the success of similar low grade porphyry propositions, under the same auspices, that are about to enter upon their era of production.

THE BANKS' BOND HOLDINGS

RAILROAD bonds lead the list of securities held by the banks of the United States, according to figures prepared and made public recently by Lawrence O. Murray, Comptroller of the Currency.

Of the total holdings of bonds, stocks and other securities held by the banks amounting to \$4,723,300,000, more than one-fourth—\$1,455,100,000—are railroad bonds. The State banks hold all but \$300,000,000 of that amount.

National banks, savings banks, both mutual and stock, trust companies, State banks, private banks and all other institutions are included in the calculation.

Railroad bonds are followed by State, county and municipal bonds, \$1,044,-

000,000, and United States bonds, $773,300,000, held as the basis of National bank notes and to secure Government deposits. The banks hold $492,000,000 of public service corporation bonds other than railroad, $405,000,000 of other kinds, and $283,000,000 of stocks.

The combined banks hold more than $218,000,000 of warrants, judgments, claims and other securities, and over $20,000,000 of foreign bonds and securities. The premiums on all bonds and stocks held by banks amount to $26,600,000.

The State banks are the largest holders of all securities, with $3,111,400,000 in all.

THE COMING DECISION ON FREIGHT RATES

By W. F. Newell, of H. L. Horton & Co.

IT has been our experience in the study of cause and effect, extending now over a period of nearly a half century in Wall Street, that the country was never prosperous when the railroads were not doing well. The country has not been prosperous this year, neither have the railroads been doing well. The credit of the railroads has suffered from too much legislation and refusal to grant them the privilege of making fair freight-rate advances. The country is indebted to the railroads for what it is to-day, and more dependent on their welfare for its future development than on all other factors combined. The benefits the country has received from the railroads are immeasurably more than it will ever be able to repay.

The recent election has conclusively proven that it is no longer necessary to attack the business interests of the country in order to be politically popular. So there is hope for the railroads in this direction. It is the opinion, moreover, of many thoughtful people that the matter of advancing freight-rates is the most important question that has ever been presented in the history of the business world. It seems to us, therefore, considering how general business is being held up amid the greatest natural production this country has ever raised, awaiting this issue, that there is a lot of unnecessary and harmful delay in granting the railroads the higher rates which they have clearly proven are so absolutely requisite in order to re-establish their credit. It may be true that the railroads have not been making as good showing as they could while the rate question was pending, fearing that what might likely prove a temporary condition might adversely affect the judgment of the Commission and thus indirectly affect the well being of the country.

That the credit of the railroads has suffered seriously from this hold up in rates needs no more convincing testimony than the continued stagnation of the bond market from the inability to negotiate securities except at sacrifice concessions. Credit is of more importance than money. With the former, present needs can be supplied and future undertakings planned; with the latter, and no credit, one can only go as far as his purse strings will permit. The railroads, therefore, in order to maintain efficiency in operation, pay liberal wages, keep pace with the natural

growth of the country by making needed extensions, have got to have credit. And only by granting them the higher rates can their credit be so reestablished by assuring the investor that present dividends and interests can be indefinitely maintained. Give the railroads, therefore, the higher rates asked for; the future will tell better than all the evidence the Commission is listening to whether the higher charges are justified and reasonable. If they are not, the Commission has always the power to reduce them. Railroad securities under the control of a carefully selected Interstate Commerce Commission should be as of undoubted value as a Government bond. It is safe to say that the railroads of this country could not be replaced for much more than their present capitalizations. Do not let us, therefore, "kill the goose that has laid the golden egg" by arbitrary judgment or delays longer than absolutely necessary in deciding this vitally important question. Grant their requests, thereby restoring their credit, and general business will spring into such newness of life as has not been witnessed for many a day.

THE STRENGTH OF THE INDUSTRIALS

SOME OF THE REASONS FOR THEIR RECENT GREAT GAIN IN FAVOR

By Lewis B. Hall, Jr.

SEVENTEEN thousand five hundred millions of dollars represents the capitalization in stocks and bonds of industrial companies in the United States concerning which the investor can obtain a reasonable amount of information from his banker. Considered as an agricultural country till 1896, the continued industrial expansion of the United States since that time has been the marvel of the civilized world. The recognized necessity for economic consolidation, coupled with a huge domestic consumptive demand, would have been enough in themselves to build up a chain of the greatest industries. Add to this a liberal measure of government protection through import tariff laws while our industrial companies were cutting their eye teeth, and we have the combination of circumstances that has brought about our present condition of prosperous industrialism. For ten years the large and small industrial concerns of this country have prospered as never before, and while at times their gross business has shown sharp declines as compared with a year or two previously, yet these relapses have always proved to be in the nature of mere fluctuations, and have never changed the main upward trend.

Stability.

The ordinary daily wants and needs of ninety millions of people constitute even in dull times a tremendous demand. When it is considered that the people of this nation, taken as a whole, enjoy a higher scale of living than obtains anywhere else in the world, some idea will be had of the great domestic consumptive demand that has to be met by our industrial companies. It used to be said of conditions in our manufacturing and industrial activities that either feast or famine prevailed, meaning that in busy times the corporations had more business than they could take care of, and that in periods of dullness, business was so slack that the companies as a whole were run at a loss. This state of affairs is no longer true. The nearest approach to it occurs at times in the iron and steel business for the reason that the heaviest buyers in this industry are the railroads, their orders

absolutely dominating the market, and the withholding of these orders causing extraordinary fluctuations in the earnings of steel manufacturing concerns. But even in this instance it can be pointed out that the U. S. Steel Corporation earned and paid dividends on its common stock during the last period of great business and financial disturbance. And in the case of large and small industrial companies in other lines of trade it is gradually being recognized that while boom times may mean a feast in earnings, lean years are not resulting in general deficits because the normal demand is now great enough *even in dull times* to keep factories running which, a few years ago, would have had to close down.

Merit and Marketability.

Dividends earned and paid on industrial stocks during the last decade have attracted the attention of investors to this class of securities. Many brokerage houses report that fully half the stocks bought for cash for their clients are industrial issues. The same proportion holds good relative to inquiries received for information on securities. And it is not the investor only who has an eye on industrials, as is proved by the fact that the leading stock on the Exchange in point of activity is not a railroad. The chief speculative vehicle is Steel Common, which holds the foremost place of all securities in the world in point of marketability. While the general prosperity of recent times in this and other industries has contributed to this result, another factor in making these securities greater favorites with investors is the changed attitude of bankers in accepting them as collateral. Investors are apt to look at merit more than at marketability in their selection of securities. Bankers, in making their loans, look at both, and since industrial issues as a class have acquired both attributes, collateral of this description is not now scanned with the same prejudice as formerly.

Where the Industrials Have Gained.

Perhaps the greatest influence in bringing industrials prominently before the speculative and investing public has been the attitude of paternalism taken by the States and the federal government towards railroads. This attitude of State and federal supervision or regulation has been extended so as also to include certain of our most powerful industrial combinations; but in forming a correct opinion as to how much good or evil is to result to corporate interests from this supervision and regulation, it is necessary to have clearly in mind a cardinal distinction in the government attitude as shown in its actions brought against railroads and industrials. In the case of the railroads, they must not only be competitors in the legal sense of the word, but, according to the latest railroad law, they cannot allow the ordinary laws of supply and demand to adjust their rates. Railroads have one commodity to sell to the public; namely, transportation. When this commodity or product is in great demand, without adequate facilities to increase the supply, or when the cost of production rises—that is, when operating expenses relatively increase—the railroads are compelled to sell transportation at the same old rate as formerly during a period of slack demand and low operating costs. Rates are fixed by the Commission. In a word, transportation companies have practically no voice in deciding at what price their

product shall be sold. The sum, substance and aim of all State and federal supervision or regulation of railroads is the desire to acquire the power to fix freight and passenger rates of transportation.

Another Advantage Over the Railroads.

In the case of the industrials the federal attitude, as shown in the suits brought against the Standard Oil Company and the American Tobacco Company, is entirely different. Neither the government nor the States wish to regulate the prices of the commodities that these concerns sell. The questions at issue are forms of organization and methods used towards competitors in getting business. That the government is extremely anxious for these concerns to continue prosperous during this hazardous period of reconstruction is exemplified by the quick action taken recently by the State Department at Washington when it appeared that a certain European nation was discriminating against the Standard Oil Com-Company. If the demand for oil or tobacco greatly increased or the cost of production steadily rose, without a corresponding increase in supply, prices for these products would naturally be raised. This would be considered legitimate and no one would want to compel these companies to continue business at a loss.

What applies to Standard Oil and American Tobacco applies perhaps more aptly in the case of other powerful and prosperous concerns which are not so much in the limelight of publicity. Should the present generally high level of commodity prices be raised, either by a large consumptive demand, by extravagance, by an increase in our money supply, large gold production, or in fact through any other cause, the industrial companies prosper not only on account of the increased demand but more so by their power to raise their own prices at will. The railroads meanwhile are taxed to capacity, are paying the increasing cost of material, supplies and labor, and may not charge more for transportation unless the Commission gives its consent. If at a certain level of prices an industrial concern finds that it is losing money, it can raise prices, lay off men, close plants, or stop selling altogether. A railroad under like conditions can economize but slowly. On account of its franchises it must supply its only product, transportation, as demanded and at a price fixed by commercially hostile interests. These remarks apply with equal force to certain public utilities, such as gas, electric light, and street railroad companies. Many shrewd investors hesitate to risk their money where the return may be limited by a commission to six per cent., no guarantee being given in case the venture prove a total loss.

It is undoubtedly a fact that considerations of this character have played a prominent part in bringing the industrials into active favor with investors. If present business conditions are sound and if our past and present prosperity continues, it will, of course, be admitted that the position of industrial concerns is strong and solid. If, on the other hand, as some authorities seem to believe. the present business conditions are not what they ought to be on account of increased bank loans the country over, on account of political agitation and social unrest, then the possibility of the industrials earning their dividends and weathering a period of depression should be considered. What would happen should demand slacken and a decline occur in the average price level of commodities? The accompanying list of industrials gives the present rate of dividends paid on preferred and common stocks, together with the average yearly surplus earnings expressed in percentage applicable to common stocks after all deductions for charges and preferred dividends. This average covers the last four years and so includes the business depression following the panic of 1907.

TABLE OF INDUSTRIALS.

	Pfd. Div. %	Com. Div. %	Av. Sur. for Co. 4 Years %	Cash Position
Amal.		2	4.90	strong
Car & Foundry	7	2	12.44	strong
Loco.	7	0	4.96	strong
Am. Sugar	7	7	*9.33	strong
Smelters	7	4	8.65	strong
Tobacco	6	35	44.60	strong
Cen. Leather	7	0	2.11	strong
Con. Gas		6	5.04	strong
Corn Prod.	5	0	†.65	fair
Dist.		2	4.43	fair
Gen. Elec.		8	14.24	strong
Nat. Lead	7	3	5.75	good
Rep. Steel	7	0	3.85	good
U. S. Real		5	8.17	strong
U. S. Rubber	‡8	0	4.94	strong
U. S. Steel	7	5	11.10	strong
V. Car. Chem.	8	5	6.96	strong

*—Three years.
†—After allowing for full dividend on preferred stock.
‡—Eight per cent. on first preferred, six per cent. on second preferred.

INTRENCHMENT.

The present state of the investment and money markets does not strongly favor the probability of the industrial companies being able in the near future to borrow money on favorable terms by means of bond issues. This element in the financial situation, added to the possibility of a general business depression later on, makes the cash position of our industrials of paramount importance. As seen in the table submitted, representative concerns are on a firm cash footing. So much improvement and construction work has been done the past few years as to leave very little to be done along these lines next year. The operations have been financed mostly from current earnings, adding nothing to fixed charges, and earnings have been sufficient to still leave comfortable surpluses. The United States Steel Corporation has so materially added to its capacity that it is now in a position to take care of an increased business for some years to come. Should this large business fail to develop, there is a big cash surplus to carry the concern along. Its cash in bank is now about $75,000,000. The net liquid assets of the American Tobacco Co. are greater now than ever before. The Republic Iron and Steel Co. has this year completed arrangements for financing all the new construction required. The General Electric Co. has a huge working capital and will probably never be caught without sufficient funds to handle the business, as was the case with Westinghouse Electric in 1907. The American Smelting and Refining Co. has been reimbursed for loans made to the American Smelters Securities Co., and the money so received will be used for working capital, of which the company has been in need. Several million dollars' worth of new construction and improvements has been completed for the Corn Products Refining Co., leaving nothing additional of this nature to be financed in the near future. Taking the industrials as a class, their surplus earnings above dividends and their strong cash position seem to indicate ability to take care of themselves through any ordinary business depression.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to January 13, 1911.]

GOVERNMENT, STATE AND CITY BONDS.

Quoted by J. Hathaway Pope & Co., brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities, 67 Exchange pl., New York.

Name and Maturity.	Price.	Yield.
U. S. Gov., reg. 2, 1930	100¾-101¼	1.66
U. S. Gov., reg. 3s, 1918	102 -102½	2.60
Panama Canal, reg. 2s, 1936	100½-101	1.94
Dist. of Columbia 3-65s	105 -106	...
Alabama 4s, July, 1956	101 -104½	3.77
Colorado 4s, '22 (op. '12)	95 -100	4.00
Connecticut 3½s, Apr. '30	99 -102	3.37
Georgia 4½s, July 1915	104 -105	3.40
Louisiana 4s, Jan., 1914	96 -101	3.72
Massachusetts 3½s, 1940	94½- 95	3.75
New York State 3s, '59	101½-103	2.88
North Carolina 6s, Apr., '19	114½-116½	3.80
South Carolina 4½s, 1933	103 -104	4.22
Tenn. New Settlement 3s, '13	95½- 96½	4.40
Va. 6s, B. B. & Co.ctfs., 1871	40 - 45	...
Boston 3½s, 1929	95 - 96½	3.85
New York City 4½s, 1957	106¾-107¼	4.10
New York City 4½s, 1917	102¼-102¾	3.95
New York City 4s, 1959	99 - 99½	4.06
New York City 4s, 1955	98 - 98½	4.05
New York City 3½s, 1954	87 - 88	4.10
New York City 3½s, 1930	89½- 91	4.12
New York City rev. 6s, 1910	101 -101¾	1.30
Philadelphia 4s, Jan., 1938	100 -101½	3.95
St. Louis 4s, July, 1928	100 -101½	3.[illegible]

SHORT TERM SECURITIES.

Quoted by J. Hathaway Pope & Co.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity	Price.	Yield.
Am. Cig. 4s, "A" Mar. 15, '11	98½- 99¼	4.92
Am. Cig. 4s, "B" Mar. 15, '12	97½- 98¼	5.10
Am. Locomotive 5s, Oct., '10	99½-100½	4.25
Bethlehem Steel 6s, Nov., '14	97 - 98	6.20
"Big Four" 5s, June, '11	100 -100½	4.35
B. R. & P. Equip. 4½s	99 -100½	...
Chic. & Alton 5s, Mar. 15, '13	98¾- 99¼	5.25
C. H. & D. 4s, July, '13	96½- 97½	5.05
Diamond Match 5s, July, '12	98 -100	5.00
Hudson Co. 6s, Oct., '11	98 -100	6.00
Interboro 6s, May, '11	101¼-101¾	3.92
K. C. R. & L. 6s, Sept., '12	98 - 99	6.50
Maine Central 4s, Dec., '14	98 -100	4.25
Minn. & St. Louis 5s, Feb., '11	98¼- 99½	5.58
New Orl. Term. 5s, Apr., '11	99¼-100	3.45
N.Y.C. Equip. 5s, Nov., '10	100 -101½	4.15
N.Y.C. Equip. 5s, Nov., '14	102½-103½	4.15
N.Y.C. Equip. 5s, Nov., '16	103½-104¾	4.15
N.Y.C. Equip. 5s, Nov., '19	104¾-106½	4.15
N.Y.,N.H.&H. 5s, Jan., '11	100 -100½	3.70
N.Y.,N.H.&H. 5s, Jan., '12	100⅝-101	3.93
No. American 5s, May, '12	99 -100	5.00
St. L. & S. F. 4½s, Feb., '12	95¾- 96¼	6.00
Southern Ry. 5s, Feb., 1913	98 - 98½	5.45
Tidewater 6s, June, '13	100¾-101¼	5.35
Westinghouse 6s, Aug., '10	99¾-100½	4.25
Wood Worsted 4½s, Mar., '11	99½- ..	4.50
Western Tel. 5s, Feb., '12	99 - 99½	5.20

GUARANTEED STOCKS.

Quoted by J. Hathaway Pope & Co.

(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	270	300
Allegheny & West'n (B. R. I. & P)	135	145
Atlanta & Charlotte A. L. (So.R.R.)	180	...
Augusta & Savannah A. L. (Cen. of Ga.)	104	112
Beech Creek (N. Y. Central)	95	100
Boston & Lowell (B. & M.)	205	215
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	15	22
Boston & Albany (N. Y. Cen.)	218	221
Boston & Providence (Old Colony)	270	290
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	115	125
Brooklyn City R. R. (Bk. H. R. R. Co.)	165	170
Camden & Burlington Co. (Penn. R. R.)	140	150
Catawissa R. R. (Phila. & Read.)	112	120
Cayuga & Susquehanna (D.L.&W.)	215	...
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	15	25
Christopher & 10th St. R. R. Co. (M. S. R.)	75	85
Cleveland & Pittsburg (Pa. R. R.)	164	170
Cleveland & Pittsburg Betterment	93	100
Columbus & Xenia (Pa. R. R.)	200	215
Commercial Union (Com'l C. Co.)	100	110
Commercial Union of Me. (Com. C. Co.)	100	...
Concord & Montreal (B. & M.)	155	170
Concord & Portsmouth (B. & M.)	175	...
Conn. & Passumpsic (B. & L.)	130	135
Conn. River (B. & M.)	260	270
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila. & R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	95	100
East Pa. (Phila. & Reading)	135	...
Eighth Av. St. R. R. (M. S. R. Co.)	200	300
Elmira & Williamsport pfd. (Nor. Cen.)	135	140
Erie & Kalamazoo (J. S. & S.)	220	240
Erie & Pittsburg (Penn. R. R.)	135	...
Franklin Tel. Co. (West. Union)	40	50
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	125	135
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	252	262
Gold & Stock Tel. Co. (W. U.)	100	110
Grand River Valley (Mich. Cent.)	120	...
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	90	100
Illinois Cen. Leased Lines (Ill. Cen.)	95	100
Jackson, Lans. & Saginaw (M. C.)	84	90
Joliet & Chicago (Chic. & Al.)	164	172
Kalamazoo, Al. & G. Rapids (L. S. & S.)	135	...
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	65	75
K. C. St. L. & C. pfd. (Chic. & Al.)	125	140
Lake Shore Special (Mich S. & N. Ind.)	330	360
Little Miami (Penn. R. R.)	205	215
Little Schuylkill Nav. & Coal (Phil. & R.)	115	120
Louisiana & Mo. Riv. (Chic. & Atl.)	160	170
Mine Hill & Schuylkill Hav. (F. & R.)	120	126
Mobile & Birmingham pfd. 4% (So. Ry.)	68	76
Mobile & Ohio (So. Ry.)	75	85
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	173	180
Nashville & Decatur (L. & N.)	185	192
N. H. & Northampton (N. Y., N. H. & H.)	100	...
N J. Transportation Co. (Pa.R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd (L. I. R. R.)	107	118
N. Y. & Harlem (N. Y. Central)	300	...
N. Y. L. & Western (D. L. & W.)	120	125
Ninth Av. R. R. Co. (M. St. Ry. Co.)	150	180
North Carolina R. R. (So. Ry.)	156	164
North Pennsylvania (Phila. & R.)	196	...
North. R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)	105	112
Nor. & Wor. pfd (N.Y.,N.H.&H.)	208	...
Ogden Min. R.R. (Cen.R.R.ofN.J.)	95	105
Old Colony (N.Y.,N.H.&H.)	180	...
Oswego & Syracuse (D. L. & W.)	215	225
Pacific & Atlantic Tel. (W. U.)	60	...
Peoria & Bureau Val. (C.R.I.&P.)	175	185
Philadelphia & Trenton (Pa.R.R.)	248	...
Pitts. B. & L. (P. L. E. & C. Co.)	32	35
Pitts. Ft. Wayne & Chic. (Pa.R.R.)	166	...

	Bid.	Asked.
Pitts., Ft. Wayne & Chic. special (Pa. R. R.)	155	165
Pitts. & North Adams (B. & A.)	127	134
Pitts., McW'port & Y. (P. & L. E. M. S.)	117	125
Providence & Worcester (N. Y., N. H. & H.)	260	300
Rensselaer & Saratoga (D. & H.)	195	...
Rome, Watertown & O. N.Y.Cen.)	120	...
Rome, Watertown & O. (N.Y.Cen.)	118	120
Saratoga & Schenectady (D. & H.)	166	175
Second Av. St. R. R. (M. S. R. Co.)	10	20
Southern Atlantic Tel. (W. U.)	80	100
Sixth Av. R. R. (Met. S. R. Co.)	115	130
Southwestern R. R. (Cent. of Ga.)	100	110
Troy & Greenbush (N. Y. Cent.)	165	...
Twenty-third St. R. R. (M. S. R.)	190	220
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	166	176
Utica, Chen. & Susqueh. (D. L. & W.)	144	155
United N. J. & Canal Co. (Pa.R.R.)	241	248
Valley of New York (D., L. & W.)	122	130
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (D., L. & W.)	168	175

INACTIVE RAILROAD STOCKS.

Quoted by J. Hathaway Pope & Co.

	Bid.	Asked.
Ann Arbor, pref	65	72
Arkansas, Oklahoma & Western—	4	9
Atlanta & West Point	132	...
Atlantic Coast Line of Conn	230	250
Buffalo & Susquehanna, pref	10	12
Central New England	10	15
Central New England, pref	20	27
Chicago, Bur. & Quincy	210	230
Chicago, Indianapolis & Louisville	50	60
Chicago, Ind. & Louisville, pref	60	75
Cincinnati, Hamilton & Dayton	35	50
Cincinnati, Ham. & Dayton, pref	65	70
Cincin., N. O. & Tex. Pac	130	140
Cincin., N. O. & Tex. Pac., pref	102	106
Cincinnati Northern	50	60
Cleveland, Akron & Columbus	70	84
Cleve., Cin., Chic. & St. L., pref	98	110
Delaware	42	46
Des Moines & Ft. Dodge, pref	..	70
Detroit & Mackinac	75	85
Detroit & Mackinac, pref	90	100
Grand Rapids & Indiana	40	50
Georgia, South & Florida	30	40
Georgia, South & Florida 1st pref	90	95
Georgia, South & Florida, 2d pref	70	75
Huntington & Broad Top	6	9
Huntington & Broad Top, pref	20	30
Kansas City, Mexico & Orient	15	18
Kansas City, Mex. & Orient, pref	20	25
Louisville, Henderson & St. Louis	12	18
Louisville, Hend. & St. L., pref	30	37

	Bid.	Asked.
Maine Central	205	...
Maryland & Pennsylvania	15	24
Michigan Central	155	175
Mississippi Central	30	35
Northern Central, new ctfs	200	...
Pitts., Cin., Chic. & St. L., pref	101	112
Pittsburg & Lake Erie	296	...
Pittsburg, Shawmut & Northern	1	...
Pere Marquette	20	30
Pere Marquette, 1st pref	40	50
Pere Marquette, 2d pref	24	32
St. Louis, Rocky Mt. & Pac., pref	..	40
Seaboard 1st pref	75	..
Seaboard 2d pref	40	..
Spokane & Inland Empire	30	50
Spokane & Inland Empire, pref	50	70
Virginian	20	25
Vandalia	80	84
Williamsport & North Branch	1	4

EQUIPMENT BONDS.

Quoted by Blake & Reeves, dealers in investment securities, 34 Pine st., New York.

Quotations are given in basis.

	Bid.	Asked.
Atl. Coast Line 4%, Mar., '17	4¾	4½
Buff., Roch. & Pitts. 4½%, Apr., '27	4¾	4⅝
Canadian Northern 4½%, Sept., '19	5½	5
Central of Georgia 4½%, July, '16	5	4⅝
Central of N. J. 4%, Apr., '13	4⅝	4¼
Ches. & Ohio 4%, Oct., '16	5	4⅝
Chic. & Alton 4%, June, '16	5½	5
Chic. & Alton 4½%, Nov., '18	5½	5
Chic., R. I. & Pac. 4½%, Feb., '17	5⅝	4⅝
Den. & Rio Grande 5%, Mar., '11	5¼	4⅞
Del. & Hud. 4½%, July, '22	4¼	4⅛
Erie 4%, Dec., '11	6	5
Erie 4%, June, '13	6	5
Erie 4%, Dec., '14	6	5
Erie 4%, Dec., '15	6	5
Erie 4%, June, '16	6	5
N. Y. Cent. 5%, Nov., '11	4⅝	4⅛
N. Y. Cent. 5%, Nov., '13	4⅝	4¼
No. West 4%, Mar., '17	4¾	4⅝
Pennsylvania 4%, Nov., '14	4½	4¼
Seaboard Air Line 5%, June, '11	6	5
So. Ry. 4½%, Series E, June, '14	5½	4⅞

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

Quoted by S. H. P. Pell & Co., Members New York Stock Exchange, Brokers and Dealers in Investment Securities, 43 Exchange Place, New York City.

	Bid.	Asked.
Bleecker St & Ful Fy 1st 4s ... 1950 J & J	50	60
Bway Surf Ry 1st 5s .. 1924 J & J	102	105
Bway & 7th Av stock	116	125

		Bid.	Asked.
Bway & 7th Av Con 5s. 1943	J&J	97	100
Bway & 7th Av 2d 5s.1914	J&N	98	100
Col & 9th Av 1st 5s..1993	M&S	96	99
Christopher & 10th St....	QJ	85	100
Dry Dk E B & Bat 5s.1932	J&D	96½	100
Dry Dock E B & Bat Ctfs 5s 1914	F&A	38½	48½
42d St M & St N Av 6s.1910	M&S	98	100½
Lex Av & Pav Fy 5s..1922	M&S	96	99
Second Av Ry stock.......	....	7	14½
Second Av Ry 1st 5s...1909	M&N	97½	99
Second Av Ry Cons 5s.1948	F&A	55	67
Sixth Av Ry stock........	....	115	125
South Ferry Ry 1st 5s.1919	A&O	85	92
Tarryt'n W P & M 5s.1928	M&S	70	80
Union Ry 1st 5s......1942	F&A	100	102
Westchester El Ry 5s.1943	J&J	67	75
Yonkers Ry 1st 5s..1946	A&O	75	85
New Amst Gas Cons 5s.1927	J&J	101½	102½
Central Union Gas 5s..1927	M&S	102	103
Equitable Gas Light 5s.1948	J&J	99	101
N Y & E R Gas 1st 5s.1944	J&J	102	105
N Y & E R Gas Con 5s.1945	J&J	98	100
Northern Union Gas 5s.1927	M&N	99	101
Standard Gas Light 5s.1930	M&N	102	106
Westchester Light 5s..1950	J&D	100½	103
Brooklyn Ferry Gen 5s.1943	....	15	24
Hoboken Fy 1st mtg 5s.1946	M&N	103	107
NY & Bkn Fy 1st Mt 6s.1911	J&J	90	96
NY & Hobok Fy Gen 5s.1946	J&D	96	99
NY & East River Fy......	QM	20	28
10th & 23d St Ferry......	A&O	30	40
10th & 23d St Fy 1st 5s.1919	J&D	65	75
Union Ferry	QJ	27	30
Union Ferry 1st 5s....1920	M&N	96	100

COAL BONDS.

Quoted by Frederick H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944.	72	76
Cahaba Coal Min. Co. 1st 6s, 1922.	105	110
Clearfield Bitum Coal 1st 4s, 1940.	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	83	85
Continental Coal 1st 5s, 1952......	95	100
Fairmount Coal 1st 5s, 1931......	94	97
Kanawha & Hocking Coal & Coke 1st Sinking Funds 5s, 1951......	99	101
Monongahela River Con. Coal & Coll. Tr. 5s, 1947	95	97
New Mexico Railway & Coal 1st & Coll Tr. 5s, 1947	95	97
New Mexico Railway & Coal Con. & Coll. Tr. 5s, 1951..............	94	96½
O'Gara Coal Co. 1st 5s, Sept., 1955.	74	78
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954	106	110
Pleasant Val. Coal Co., 1st 5s, 1928	88	90
Pocohontas Consol. Collieries 1st 5s, 1957	80	85
Somerset Coal Co. 1st 5s, 1932....	108	110
Sunday Creek Co. Coll. Tr. 5s, 1944	64	67
Vandalia Coal 1st 5s, 1930	100	...
Victor Fuel 1st 5s, 1953	85	87
Webster Coal & Coke 1st 5s, 1942..	78	82
West End Coll. 1st 5s, 1913	95	...

ACTIVE BONDS.

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s............	102	102¼
Amer. Steel Foundries 4s, 1923...	68	70
Amer. Steel Foundries 6s, 1935...	101	103
Balt. & Ohio, Southwest. Div. 3½s.	90½	90¾
Bethlehem Steel, 5s	88	88½
Chi., Burlington & Quincy Gen. 4s.	97¾	97⅞
Chi., Burl. & Quincy Ill. Div. 4s...	100	100⅜
Chi., Burl. & Quincy Ill. Div. 3½s.	87⅞	88
Cin., Hamilton & Dayton 4s.....	97½	97⅞
Denver & Rio Grande Ref'ng 5s..	98	98½
Louis. & Nashville unified 4s.....	98⅛	98⅜
Mason City & Ft. Dodge 4s......	83½	84
Norfolk & West. Divisionals 4s...	92⅝	93⅛
Savannah, Florida & Western 6s..	122½	126
Va. Carolina Chem. 1st 5s	100¾	101½
Western Maryland 4s	86¾	87

	Bid.	Asked.
Wheeling & Lake Erie cons. 4s....	84	85
Wis. Central, Superior & Duluth 4s	92¾	93
Western Pacific 5s	92½	93

POWER COMPANY BONDS.

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & El. Co. com.	33	35
Bonds, 6%, due 1932 (Int.)	94	100
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com. stk. div.)	74	..
Guanajuato Power & El. Co. Com.	..	..
Arizona Power Co., bonds 6% due 1933	84	...
Arizona Power Co. pref.	50	55
Arizona Power Co. com.	23½	25½
Great Western Power Co. bonds, 5%, due 1946	85	87
Western Power Co. pref.	64¼	64¾
Western Power Co., com.........	40	41
Mobile Elec. Co. bds., 5%, due 1946	..	88
Mobile Electric Co., pref., 7%......	82½	..
Mobile Electric Co., com.	25	30
Amer. Power & Lt. Co., pref., 6%..	79	80
Amer. Power & Lt. Co. com.....	51½	53

FOREIGN GOVERNMENT AND MUNICIPAL BONDS.

Reported by Zimmermann & Forshay, 9 Wall Street, New York.

	Bid.	Asked.
German Govt. 3½s	93	94
German Govt. 3s	84½	85½
Prussian Consols 4s	101¾	102¾
Bavarian Govt. 4s	100½	101½
Hessian Govt. 3½s	91½	92¼
Saxony Govt. 3s	83½	84¼
Hamburg Govt. 3s	82½	83½
City of Berlin 4s	100½	101½
City of Cologne 4s	100	101
City of Augsburg 4s	99¼	100¼
City of Munich 4s	99½	100½
City of Frankfurt 3½s	92	93
City of Vienna 4s	95½	96½
Mexican Govt. 5s	98½	99½
Russian Govt. 4s	97¼	98¼
French Rente 3s	97¼	98¼
British Consols 2½s	78¼	79¼

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., brokers and dealers in miscellaneous securities, 33 Wall Street, New York.

	Bid.	Asked.
Adams Express	227	237
American Brass	120	125
American Chicle com.	218	224
American Chicle pref.	98	103
American Coal Products	100	103
American District Tel. of N. J.....	48	53
American Express	226	234
American Gas & Electric com...	49	52
American Gas & Electric pref..	40	43
American Light & Traction com..	290	298
American Light & Traction pref..	103	105
Babcock & Wilcox	98	102
Bordens Condensed Milk com...	122	125
Bordens Condensed Milk pref....	104	107
Bush Terminal	95	100
Childs Restaurant Co. com.......	148	...
Childs Restaurant Co. pref......	107	110
Del., Lack. & Western Coal......	230	240
Du Pont Powder com............	141	146
Du Pont Powder pref............	82	84
E. W. Bliss com..................	124	128
E. W. Bliss pref.................	120	130
General Motors com.............	34	38
General Motors pref.............	68	71
Hudson & Manhattan com........	21	23
International Nickel com..........	185	...
International Nickel pref.........	91½	94
International Silver pref..........	108	111
Kings Co. E. L. & P.	130	135
Otis Elevator com...............	48	51
Otis Elevator pref...............	96	98
Pacific Gas & Electric com.......	66	68

	Bid.	Asked.
Pacific Gas & Electric pref	87	90
Phelps, Dodge & Co.	215	230
Pope Manufacturing com	52	57
Pope Manufacturing pref	72	77
Producers Oil	145	150
Royal Baking Powder com	183	190
Royal Baking Powder pref	107	109
Safety Car Heating & Lighting	123	125
Sen Sen Chiclet	138	142
Singer Manufacturing	295	310
Standard Coupler com	35	45
Texas & Pacific Coal	97	100
Tri-City Railway & Light com	28	30

	Bid.	Asked.
Tri-City Railway & Light pref	90	94
U. S. Express	93	98
U. S. Motors com	38	41
U. S. Motors pref	68	71
Union Typewriter com	47	52
Underwood Typewriter pref	100	102
Underwood Typewriter com	61	64
Virginian Railway	20	26
Wells Fargo Express	150	155
Western Pacific	17	20
Western Power com	40	42
Western Power pref	63	66
Worthington Pump pref	104	108

IMMIGRANT BANKS

"THE New York Times" recently published a letter from Lajos Steiner relative to aliens who prevent Americanization. The letter was as follows:

"Our legally constituted banks are regulated by law and supervised. Immigrant banks are not regulated or supervised except to some extent in about three States. It is the business of immigrant banks to induce our immigrants to acquire the habit of exporting their cash savings. They compete for and receive the money of immigrants and export about $300,000,000 each year and sell to the respective immigrants steamship tickets for remigration to foreign countries.

"Efforts were made to have remedial legislation enacted. Certain laws were passed in New York State, but in time they were declared unconstitutional. Afterward, at the time when other legislation was about to be secured, decisions were reversed and some of this sort of laws were again declared unconstitutional. All of such laws are unenforced. The result is that this species of harmful 'banks' are in New York State unmolested, they increase in number, and are all over the United States increasingly successful in having the cash savings of immigrants exported, and in having about 400,000 thrifty immigrants depart from here annually and re-engage largely in agriculture in foreign countries.

"The Immigration Commission, in its report just submitted to Congress, recommends: 'Aliens who attempt to persuade immigrants not to become American citizens should be made subject to deportation.' Legislation thus worded would be partly only effective, because most of those who persuade immigrants not to become American citizens have become naturalized themselevs and are no longer aliens. About ninety-nine per cent. of them, besides being American citizens, are also notaries public. Finally the directors of those American banks whose capital is owned by Europeans are not only citizens but in numerous instances they are natives. Therefore the new law should be extended to all who contrive at having immigrants refrain from Americanization. The new law, if expressed in the words of the Immigrant Commission, might be interpreted to concern only those who interfere with the obtaining of citizenship papers, and leave without protection all that which does lead to Americanization, viz.: To acquire American ideals and customs, to create the desire to become a citizen, to qualify the immigrant for promotion into citizenship. Consequently the words 'all those' should be substituted for the word 'aliens,' and the word 'Americanized' instead of 'American citizens' should be enacted in the remedial bill, together with expedient penalty for offenders."

SAVINGS BANKS AND OTHERS

ONE who subscribes himself a "Savings Bank Depositor," writes as follows to the New York "Times."

"I am prompted to ask you to advocate an amendment to the banking law which will entirely divorce the management of savings banks from all other banks and banking institutions, national and State, by prohibiting any person from becoming an officer or trustee in a savings bank who is an officer or director in any national or State bank or trust company. It is a fact well known to the public now that intimate relations exist between the management of savings banks and other institutions; that there is a mingling of officers, directors and trustees of these various institutions, which enables one institution to help out the other, somewhat after the methods adopted by the man who unlawfully takes funds not his own for the first time, hoping that by chance something will turn up to enable him to make up his defalcation.

"Gov. Dix in his message to the Legislature calls attention to the fact that something should be done along these lines, but unfortunately 'what is everybody's business is nobody's business,' and unless pressure is brought to bear on the Legislature nothing will be done to correct an evil which should be stamped out without delay."

OLD STYLE CANE MILL AND OPEN KETTLE

THE GROWTH OF THE SUGAR INDUSTRY IN THE SOUTH

By Leonora Beck Ellis

THE history of a plant has more than once proved the history of a revolution, not every time purely economic in character.

Several generations back, it was discovered by a thoughtful mind that the potato had changed affairs in Europe more radically than Bonaparte was ever able to do; and, at the present moment, a public-spirited American, proclaiming his theory of an exalted mission, sums it up in simple words of this sort: "Let me make for our people a wheat with an average yield of sixty bushels to the acre, and I care not who makes the laws of the land, nor yet its ballads."

Wheat, corn, cotton, the potato, alfalfa, these have their national significance, their world meanings, indeed; and we cultivate each, all, and their kindred bread, meat, and clothing plants, with an industry betokening entire recognition of their importance.

But what of sugar-cane, that greatly needed yet superlatively neglected asset?

Agriculture being confessed the very bone and sinew of American prosperity, her industrial growth, and, consequently, her national progress, it becomes plainly a paramount duty to stop every unnecessary drain upon our agricultural system, to remedy its defects, and bring it to highest potential in each direction. No scheme of conservation that overlooks agricultural leaks is worth permanent acceptance. Commercial achievements and eminence in manufactures, in a country of such physical conformation, such people and polity, as our own, can only follow, never precede, agricultural soundness and success.

Our Non-Production of a Great Staple.

Pursuing such a premise, which, indeed, has lain at the very base of our industrial policy in the past, we have come to enjoy our present proud distinction as a nation that sells in the world's markets far more than she buys, in other words, a nation with a splendid balance always on the proper side, which is the export side. Yet, one conspicuous, even grievous, flaw in our industrial soundness not merely exists, but from year to year has grown more aggravated. Your true economist, be he producer or only consumer, is ready with immediate answer: That flaw is our non-production of sugar, or, to speak accurately, a production so scant as to pass for non-production.

The answer is correct. Here is our point of recognized weakness. Why should our sugar bills eat up all that handsome income earned by pouring the golden tide of our wheat on foreign shores? Nor are we done then; when the revenues from wheat have been applied in full on these sugar debts, we find ourselves little more than half done paying them. To liquidate completely, we must put down, also, a big portion

of our receipts from animal products, shipped abroad, or from tobacco, corn or cotton.

LARGE PROFITS IN PRODUCTION OF SUGAR.

If any reason existed to make it impossible for us to produce sugar at a neat margin above cost of production, then most assuredly should we let it alone, as we have

GEORGIA SUGAR CANE IN FIELD

practically done hitherto. For we have proved conclusively that we can raise other things at a good profit. Or, if we had to take for sugar any of the lands now given to grains, cotton, or other margin crops, we might well hesitate and draw back. On the contrary, it has been thoroughly demonstrated in the past that cane sugar can be made at a handsome profit in America's great natural sugar belt, which includes the rich lands of South Georgia, a portion of the coast region of South Carolina, all of Florida, much of Alabama, Mississippi, Texas, and nearly all of Louisiana. If the opinion prevails that the extensive planting of sugar cane in the sections named, would take the fields from cotton, or any other remunerative crops, it must be recalled that more than forty per cent. of this area is now classed as "waste lands" in the annual report of each state, and, undeniably, a very large proportion of the territory is adapted to no really profitable tillage except that of sugar cane.

The well-informed are aware that Americans are the largest consumers of sugar in the world. We now use the prodigious total of 6,000,000,000 pounds of this commodity per annum, which means an average of more than seventy pounds, to every man, woman, and child in the United States each year—as against Europe's twenty-seven pounds pro rata. It is not to decry any excessive use of the saccharine element that we are reviewing these statistics. Hygienically speaking, proof is yet lacking that our extravagant consumption of sweets has hurt us; nor is this the place for discussion of that question.

The point is, that we should produce all this sugar ourselves. More than that: with a definitely organized effort and policy, we can produce it, thereby greatly augmenting our agricultural resources and income. At present, we are making in the States from beets a scant 165,000 tons of sugar annually—for all our liberal bounties and generous encouragement! From sugar-cane in Louisiana we manufactured last year approximately 275,000 tons. We do nothing worth naming anywhere else except in our lately acquired colonial possessions. Set this petty amount of the home product over against the 3,000,000 tons consumed, and note the wide descrepancy. Is it the part of wisdom to let this stand? Does it make for the conservation of our national resources and wealth?

From a cursory estimate, you will see that we are levying on ourselves the enormous tribute of $140,000,000 to $150,000,000 per annum, to swell foreign coffers—in return for a staple which, with a reasonable

HORSE-POWER MILL FOR EXTRACTING JUICE FROM CANE

amount of enterprise and initiative, could be grown from our own soil, and manufactured where grown, to the enrichment of a great and necessitous section of the country.

AMERICANS CONSUME CANE SUGAR.

Before passing on, note further in this connection that most of the sugar used

by us is still cane sugar, wherein again we differentiate greatly from European countries. The world's output of cane sugar is now about four and one half million tons a year, and of this the United States contrives to get and use very nearly two-thirds—although the home product scarcely constitutes one-seventeenth of the total!

Two-thirds of the sugar made in the world to-day is beet sugar, in the production of which there has been a phenomenal increase during the last quarter, of a century, under the fostering care of Germany, Austria, France, and the United States. In those countries, beet culture has steadily had study, watchful care and attention, with government bounties, rebates, and tariff perpetually favoring it, while, in the two Anglo-Saxon countries, the principal sugar consumers of the world, legislation has been persistently adverse to cane and its valuable product. No need to follow the argument any further in order to show good cause why the production of sugar in Louisiana to-day is sixty per cent. lower than during the years immediately preceding the Civil War, while a sister industry, the production of cotton, has very nearly doubled its proportions. The story is plain to read, without further comparisons of facts and figures.

Let us rather look now at the other side of the picture. We will start with the fact that, in spite of all adverse conditions, the last dozen years of experimentation with cane in Louisiana have resulted in producing a plant yielding forty per cent. more of sucrose than any previously grown. Under the old regime, we averaged ninety pounds of sugar from a ton of cane. We now force the ton to yield us 190 pounds. Furthermore, it has been practically demonstrated that in the cane belt of the South this sugar can be produced at a profit at prices to compete with beet sugar, and in sufficient quantities to supply, ultimately, the entire home market and much foreign demand. Indeed, under favorable conditions, cane sugar can be made both in Louisiana and Florida, at a much lower cost than beet sugar in our Western states or in Europe.

A New Movement.

From a knowledge of such facts supported by positive proof, has sprung the recent movement for the "Greater Sugar Cane Industry in the South," as it has been cleverly phrased by that leading spirit, Hon. Harvie Jordan of Georgia, president of the National Congress of Farmers. The impelling sentiment back of the movement has been tersely summed up thus: "American sugar for Americans, and the outgoing millions of dollars turned back into our own pockets."

OLD STYLE HORSE-POWER SYRUP MILL

Conventions of the "Interstate Sugar Cane Growers' Association," a recent and very efficient organization in the South, are held annually. They have already met at Macon, Jacksonville, Montgomery and New Orleans, and from these earnest gatherings has emanated a tremendous impetus, a force that promises to meet adequately the task of lifting our sadly neglected industry to its proper plane. The call for the formal organization of the Cane Growers' Guild took the shape of a really unique document issued half a dozen years back, and addressed specifically "To those interested in the Cultivation and Manufacture of Sugar Cane in the States of South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas and Arkansas."

Opening the little pamphlet, whose quaint dedication thus invites interest, you find in the first paragraphs a recapitulation of the history of sugar cane in our part of the Western continent—noting such facts as the earliest planting of cane in the States, which was in 1767, near New Smyrna, Fla., on the Halifax River. In 1806, cane was planted in Georgia, whence seed-cane was carried to Louisiana in 1825. Reference is

OLD STYLE KETTLE EVAPORATOR

also made to the great amount of sugar manufactured at a handsome profit in the South during that active period between 1830 and 1860, and likewise to the large quantities supplied by Florida alone during the Civil War. Substantial facts and figures are cited in support of this preliminary argument.

"After the lapse of half a century," the odd "manifesto" continues, "a revival has taken place in this nearly forgotten crop, as a commercial industry; and it is to take advantage of this revival that the undersigned have thought it an opportune time for the entire cane belt of the United States and those interested in it, to assemble, and consider plans and methods for placing the cane industry again upon a commercial basis." Furthermore, the pamphlet invites attention to the fact that enormous areas of land, adapted preeminently to this valuable crop, are being rapidly denuded of their timber by the lumber men, pushing hard upon the tracks of the manufacturers of naval stores. "The aggregate of these at present waste lands is so great," the argument proceeds, "that a proper utilization of them presents a very important problem for solution by economists and statesmen—in their relation to the taxable resources of states, counties, and cities, and because of their bearing upon the prosperity and the health of the entire section embraced in this invitation."

The South Interested.

It was a clarion call, and it brought together a large and representative body, to organize effectively for pressing the earnest crusade. From the first, not merely the leading men of the section most deeply concerned in the movement, but such other notable leaders of progress as Secretary of Agriculture Jas. Wilson and Dr. H. W. Wiley have fallen in line with it and lent potential aid. Very practical issues have been met and dealt with by the Cane Growers' Assocation. Organized for the avowed purpose of promotng cane-growing and the sugar as well as syrup ndustry in the South, and placing these on a stable commercial basis, a work of vast dimensions immedately opened up, whose processes are necessarily slow, as its ends are large.

The first five or six years have had to be devoted to a campaign of education—study and instruction in methods and means of cultivating cane scientifically and to highest advantage, and the measures by which sugar manufacture may be brought to a sound and safe base, industrially and commercially speaking. The exchange of views and experiences at the general meetings has proved exceedingly helpful and stimulating, while the ever wider dissemination throughout the cane-belt of literature upon the subject, may be accounted a factor of immense importance in shaping the results of the early future. The very vital

NEW STYLE STEAM EVAPORATOR

question of inducing the idle capital and superfluous population of other sections to lend their aid in this great industrial movement in the South, is the issue which the cane growers have now come to attack; and there is little doubt of its being solved with success during the next decade.

SAFE DEPOSIT

GENERAL REMARKS ON THE SAFE DEPOSIT BUSINESS--SOME GOOD ADVERTISING ARGUMENTS

By Raphael S. Payne, Manager Safe Deposit Department Metropolitan Savings Bank, of Baltimore

IN the October number of the BANKERS MAGAZINE, the writer dwelt upon the management of the safe deposit department as conducted by a savings bank.

This paper will deal with the value of such a feature to every bank's patrons.

The vital importance of a safe deposit box can be strikingly illustrated by the following statistics: It was stated through the public press two years ago that in the city of New York in twelve months' time $15,000,000 worth of property was lost by burglary; and of the jewelry stolen, only seven per cent. was recovered. In the negotiation of all this plunder, more than 14,000 separate robberies were committed. New York is taken as a criterion, as it is the great pulse of the country and expresses the most typical phases of American life. Relatively, the same conditions practically exist in all large centers of floating population, as thievery is an organized profession whose ubiquity is proverbial.

DEVASTATING FIRES.

Another forcible demonstration of the imperative need of the safe deposit box to every householder,, was dramatically revealed in the fierce conflagrations that overtook Baltimore and San Francisco—when the ordinary "fire and burglar proof" safes were bent, warped and sprung open and their valuable contents seriously impaired or destroyed. In some instances—especially in the San Francisco disaster, it resulted in actual fusion of money, watches, jewels, etc., into shapeless masses. The prudent man and provident woman who had put their bonds and diamonds, valuable documents and those family relics which have a *pretium affectionis*, in a safe deposit vault, felt no anxiety, while others turned gray with worry—perhaps experienced the pinch of want after a life of comfort or affluence.

PROTECTION OF HEIRLOOMS.

There is hardly a family in the land that is without a valuable of some sort, whose loss would more or less affect them—a deed, a jewel, an insurance policy, a bond, collections of rare coins, stamps or autographs; some precious heirloom, maybe a manuscript or letters treasured for their literary value. It is only when one is suddenly bereft of possessions such as these, that he realizes the great advantage derived from the investment of a few dollars a year for a convenient place of absolute safekeeping, where he can, at his leisure, put in and take out his valuables when and as often as he chooses during "business hours" at the nominal cost of a few cents a day.

A man with a deed to a piece of property may argue: "What's the use? Suppose my deed is lost or destroyed by mice or fire, my title is still good and preserved among the records of the court." In the course of events, the chances are he may want to borrow money on the property, perhaps sell it. If not, his heirs in all probability will have such occasion. The annoyance, delay and expense incurred in securing a certified copy of a deed, will or mortgage, will in the end far exceed the original outlay of say five dollars per annum.

BENEFIT OF MANAGER'S ADVICE.

There are other incidental advantages accruing from the use of a safe deposit box, which the patron enjoys, that might otherwise take the form of lawyers' fees.

Just as the president or cashier of a bank should be equipped to give offhand to a depositor, the soundest advice on investment, so should those directing the affairs of safe deposit departments be versed in the functions of fiduciaries and have a ground-work knowledge of the general principles of testamentary law as well as of that branch which governs deeds, mortgages, contracts, powers of attorney, *et al.*—their proper forms and the construction of same. Frequently they are consulted on these points, and if competent to give a ready opinion based on correct information it not only serves to inspire confidence but contributes to the usefulness and value of the department.

Apropos of this, the State of Louisiana has passed a law bearing on the most prevalent form of contract involving the safe deposit system as it is generally conducted throughout the country, viz: the *joint tenancy*. It reads in part: "Be it further

enacted, that when a safety deposit vault shall be hired, or shall hereafter be hired from any bank, savings bank or trust company, transacting business in this State, under the names of two or more persons, with the right of access being given to either, or with access to either of the survivor or survivors of said persons, such survivor or survivors, whether the other or others be living or not, shall have the right of access to such deposit vault and may remove therefrom the contents of such box; provided, that in all cases where such removal shall have been made, the said bank, savings bank or trust company shall be exempt from any liability for permitting the said survivor or survivors access thereto." *Vide* Louisiana Acts, 1908, No. 188, Section 2, p. 283.

A Commendable Piece of Legislation.

This statute is of great interest and value, as it will serve as a precedent for construction should that form, which is so universally employed, be made a subject of legal dispute. Giving the survivor control dispenses with a multitude of formalities and consequent delays which would otherwise follow, and carries out the express intention of the co-tenants without the intervention of third parties except where the authority of the court is properly invoked. Moreover it fulfills the primary purpose which actuated the customer in renting the box, and protects the institution from implication should legal troubles arise.

In looking into various and well established systems, and consulting with those, who through experience, have mastered every detail, it has been found that all agree where the safe deposit business is conducted with the idea of integrity always in view along with constant solicitude for the customers' absolute security, it demands keen observation powers, vigilence, alertness, courtesy, patience and above all—presence of mind.

THE OPENING OF THE POSTAL SAVINGS BANK AT PEKIN, ILL.

THE ASSET. OF THE CONAGHAN SAVINGS BANK ARE TURNED OVER BY PRESIDENT CONAGHAN, AGED 11, TO THE POSTAL BANK, BEING THE FIRST DEPOSIT.

EXCITING RUN STARTED BY A DEPOSITOR IN THE SOCK NATIONAL BANK, THE BUSINESS OF WHICH WAS TAKEN OVER BY THE POSTAL SAVINGS BANK

EXCITED DEPOSITORS SURROUNDING THE OLD COFFEE-POT SAVINGS BANK. ACCOUNTS TRANSFERRED TO THE POSTAL BANK.

SCENE WHEN THE MATTRESS BANK OPENED FOR BUSINESS.

(FROM THE CHICAGO RECORD-HERALD)

FOREIGN BANKING AND FINANCE

Conducted by Charles A. Conant

TRAFFIC VIA PANAMA AND TEHAUNTEPEC, 1900 TO 1910

EIGHTY-TWO million dollars' worth of merchandise originating in the United States crossed the Isthmuses of Panama and Tehauntepec during the year 1909. Most of this merchandise was moved across the Isthmuses for the mere purpose of transferring it from one great section of the United States to another section; from the eastern to the western coast, or from the western coast and Pacific Islands to the eastern coast. Fifty million dollars' worth of this grand total originated on the eastern coast and moved westwardly across the Isthmuses, four-fifths of it passing thence northward to the Pacific Coast of the United States, the other one-fifth being distributed along the Pacific Coasts of Mexico, Central and South America. The other thirty-two million dollars' worth of this grand total moved eastwardly across the Isthmuses, two-thirds of it originating in Hawaii, and the remainder along the western coast of the United States.

The Hawaiian sugar destined for the eastern coast of the United States, which formerly made the trip by sailing vessel around Cape Horn, now passes by steamer to the Isthmus of Tehauntepec, is there transferred to the railway, carried across the Isthmus, and again placed on steamers passing thence to the refineries at Philadelphia and New York. The steamers carrying this sugar return from New York loaded with general merchandise which is transferred to the Tehauntepec Railway, crossing the Isthmus, and re-transferred to steamers which pass up the western coast of the United States, to San Diego, San Francisco and Puget Sound and then, returning to Hawaii, reload with sugar for the eastward trip.

This trans-isthmian traffic between the eastern and western coasts of the United States and between the eastern coast of the United States and the western coast of Central and South America has greatly increased in recent years. In the fiscal year 1905 it aggregated but eight million dollars; in 1910 it was over eighty million dollars, or ten times as much. This increase is the result in part of the opening on January 1, 1907, of the railway across the Isthmus of Tehauntepec, Mexico, 190 miles in length, operated in conjunction with lines of ocean steamers at either end and supplied with facilities for transferring freight from steamer to railway and from railway to steamer. The value of its traffic in merchandise originating in, and destined for ports of the United States has grown from about twenty-five million dollars in the calendar year 1907, the first year of its operation, to seventy million dollars in the fiscal year 1910. In the meantime the value of American merchandise crossing by way of the Panama Railway, largely occupied at the present time with the service incident to the construction of the Panama Canal, has grown from nine and one-half million dollars in the fiscal year 1907 to twelve and three-quarter million in the fiscal year 1910.

Practically all the American traffic carried across the Isthmus of Tehuantepec passes between the eastern and western coast ports of the United States, including the Hawaiian Islands, while about three-fifths of that carried over the Panama line passes between ports of the United States and about two-fifths between domestic ports and ports of foreign countries. Of the forty-one million dollars' worth of American merchandise passing westward over the Tehuantepec line last year, twenty-three million dollars' worth went to San Francisco; nine million dollars' worth to San Diego; four and one-half million dollars' worth to Puget Sound; three and one-half million dollars' worth to Hawaii, and three-quarters of a million dollars' worth to foreign countries, Central America, Mexico and British Columbia. Of the twenty-eight million dollars' worth passing eastward over the Tehuantepec line, twenty million dollars' worth, chiefly sugar, was from Hawaii; six million dollars' worth from San Francisco and one and one-third million dollars' worth from Puget Sound. Of the nine and one-quarter million dollars' worth passing westward over the Panama line, five million dollars' worth was destined for foreign countries on the west coast of America, and four and one-quarter million dollars' worth to the Pacific coast of the United States, chiefly San Francisco; while of the three and one-half million dollars' worth passing eastward over that line, the entire amount was from the port of San Francisco.

This large and rapidly growing traffic between the eastern coast of the United States and western ports of America consists, as relates to the westward movement, of miscellaneous merchandise, while about one-third of the eastern movement is miscellaneous merchandise and about two-thirds sugar from Hawaii. All of the westbound merchandise for western ports of the United States or ports of foreign countries fronting upon the Pacific was shipped from

the port of New York, while of that passing eastward across the trans-isthmian lines, twenty million dollars' worth was from Hawaii, nine and one-half million from San Francisco and one and three-tenths million dollars' worth from Puget Sound.

NEW VENEZUELAN BANK

Institution Will Finance and Promote Republic's Commerce and Industry

THE proposed contract between the government and General Delgado Chalbaud for the establishment of a new national bank having branches in the principal cities of the republic, was published in December. It is understood that the agreement has been approved by the Cabinet.

Provision is made for a capital of $6,000,000, of which the government will have the right to subscribe one-half and General Chalbaud the other half, or Chalbaud, in conjunction with a group of Venezuelan capitalists, among whom preference is to be given to the three existing banking houses at Caracas and Maracaibo, who will be permitted to subscribe the amount of their cash capital.

The gold reserve will be equal to one-quarter of the cash capital, and the bank will have the right to issue notes to double the amount of the capital. The government will conduct all the treasury operations, exchanges, payments and collections of revenues through the bank and will be

allowed a credit of $2,400,000 at five and one-half per cent. It will be given three per cent. interest on its balances.

The national institution will charge the government one per cent. on collections. The interest charge to other borrowers will not exceed eight per cent. At present the prevailing interest is twelve per cent. Organization to be perfected before July 1. It is understood that English capital is behind the project, and it is expected that the bank will largely finance and promote Venezuelan commerce and industry.

THE GOVERNMENT OF DIAZ

THE inauguration for an eighth term of General Porfirio Diaz as President of the Mexican Republic was distinguished by great ceremony in Mexico City December 1. The street illuminations of the recent centennial celebration were used and there was a splendid civic and military display.

The rule of General Diaz in Mexico has been marked by great and continuous material progress, by the extension of free educational facilities to all parts of the republic, by the encouragement of foreign investors, by the opening of mines, the building of railways, the development of civic pride, and the establishment of sound national finances.

Mexico to-day is solvent and growing in wealth and also in importance among the nations. Not the least of the administrative gifts of Diaz is his excellent judgment of men. His early recognition of the talents of Don Jose Yves Limantour and his advancement of that now world-renowned constructive statesman to the post of Secretary of the Treasury have lent much strength to the Diaz administration. His choice of such men as Don Ramon Corral, Vice-President and Secretary of Interior; Don Olegario Molino, Secretary of Fomento, and Don Enriques Creel, Secretary of Foreign Affairs, is accounted equally wise. Mexico to-day contains nearly 25,161 kilometers of railways, a kilometer being about five-eighths of a mile, and of these, 19,321 kilometers are either owned or controlled by the government. Shipping from all parts of the world is seen in the harbors of Tampico, Vera Cruz, Coatzacoalcos and Salina Cruz. Vera Cruz has been transformed into a well-built, clean and healthy city.

Revolution has but feebly lifted its head under the rule of Diaz. That rule is severe, autocratic, military, but it has worked wonders with a nation of 14,000,000, in which fifty-two Indian languages or dialects are still spoken, and in which there are still remnants of peoples who regard the Aztecs, the original Mexicans, as intruders. The education of such a population in self-government is a slow and laborious process. But there are signs in the capital and other large cities of the development of a large, intelligent and prosperous middle class, which should be the mainstay of the republic in the future.

Diaz naturally has his opponents and his enemies. Some of these have lately taken up their residence in the United States and are spreading their propaganda of revolution by mail. There is one colony of the discontented at San Antonio and another at Los Angeles. In the latter place the anti-Diaz newspaper, *Regeneracion,* has lately reappeared. The relations of our government with the government of Diaz, however, are close and friendly. Many American citizens dwell part of the year in Mexico. Our business interests with Mexico are enormous, and the feeling here is general

and well justified that Mexico has now the ablest, wisest and most progressive government it ever had, and the most tolerant and liberal it can hope to have in existing circumstances.—*N. Y. Times.*

LURE OF SOUTH AMERICAN TRADE

MR. LEWIS NIXON, whose business is building ships, has just returned from a trip to South America, and he says that during his "long stay" there he "saw only two vessels flying the American flag." "This condition must be improved," he declares, "if we would win the South American trade." Another thing that disturbs him is that "all American business has to pay a tax to European bankers." There you are again. We cannot have trade with South America unless we have vessels in its ports "flying the American flag" and banking facilities supplied by American capitalists.

Why can we not? There are plenty of vessels plying between our ports and South America and taking all the trade they can get and anxious for more. They are largely owned and controlled by American capital, and the reason why so few fly the American flag is that our government makes it more expensive to do the work under it, makes it too costly to own the vessels and to operate them. All this means the carrying is now done more cheaply than it could be done under the American flag. Trade is promoted by cheap transportation and not by costly transportation. Why do we "pay a tax" to European bankers except that they supply banking facilities for the exchange for less than American capital would charge.

Low cost is promotive of activity, whether in production or trade, and not high cost. Why does it cost less to have the shipping and banking done by foreigners? Simply because we have uses for our capital which make it more profitable to employ it in other ways, and it is cheaper to pay the others for doing the carrying and banking, and consequently more advantageous to our trade. It is a perfectly plain proposition that the ships and banks do not make the trade and more expensive ones would not increase it. The opportunities of trade in South America are great and growing and they are alluring to the American imagination. We have advantages for it and ought to have our share in it, but we shall never get it by Americanizing the means of carrying merchandise and paying bills unless it becomes profitable to do so.

We must adapt our goods in quality and cost and our trading methods to South American markets before we can compete with those who do so and who find a profitable field for their enterprise there. It is futile to talk about the lack of the American flag on vessels and about paying a tax to European bankers while we keep up the cost of production for foreign markets and the cost of American shipping and banking facilities.—*N. Y. Journal of Commerce.*

BANKERS AND BUSINESS MEN CONGRATULATE GENERAL DIAZ UPON HIS EIGHTH INAUGURATION AS PRESIDENT OF THE UNITED STATES OF MEXICO

AMONG the many felicitations received by General Diaz following the inaugural ceremonies, there were perhaps none which is estimated more highly than those tendered by a delegation of leading bankers and business men of Mexico City. In presenting their congratulations, Manuel Buch, who acted as spokesman, said:

"Some of your friends and admirers, devoid of all political aspirations, but decided partisans of order and progress, numbering among us the most conspicuous representatives of the bank, of commerce and of industry, that is to say, of labor in all its

forms—come here to-day, Mr. President, to congratulate you and the nation upon the inauguration of your new administrative term, which we hope will be as fruitful and as important for the nation as the previous ones. The disorders, Mr. President, which unhappily have disturbed the peace of a small part of our territory, have seemed to us more astonishing than to foreigners on account of the audacity of the promoters. But, after all, Mr. President, this situation has revealed the strength of your government and the general feeling of the people against these depredations through the offering by them of their services and their protestations of loyalty to you, who represents peace, labor and progress.

"We hope, Mr. President, that our ill-advised countrymen who have undertaken the ungrateful task of disturbing the peace, will awake and come back to their homes repenting of their foolish deeds."

To these expressions of confidence in him, President Diaz replied:

"It gives me great pleasure to see capitalists and business men—the makers of the nation's riches—take interest in the public affairs of the nation, and it is particularly gratifying, because silence on your part would lend facilities to subversive plans injurious to national honor; your class, which to capital unites honesty and patriotism, is the one which at this time ought to raise its voice in protest against socialism and anarchy, the most dangerous foes to peace and national progress. The voice of honest people is the voice of justice, and it is this voice that ought to silence the passions and stop the progress of brigandage."

PAN - AMERICAN DOCTRINE IS "NEW MONROE DOCTRINE"

AT a dinner to Pan-American diplomats at the Bureau of American Republics, in Washington, given December 4, President Benjamin Ide Wheeler, of the University of California, and a director of the Pan-American board, declared that the Pan-American doctrine was the "new Monroe doctrine."

"The American nations," he said, "shall not be regulated by arbitrary power from without and in accordance with European policies and quarrels. We are united as one by a common geographical fate. The Old World looked inward on the Mediterranean

and all its policies were dictated by the Mediterranean. The New World looks outward toward the open ocean.

"Under the old arrangement all America stood in the world's back yard. To-day it stands midway between Europe and the goal of its desire—the old Orient. The opening of the Panama Canal means that the two oceans which inclose us shall be made one."

RIO DE LA PLATA BANK TO OPEN BRANCH IN MEXICO CITY

THE Spanish bank, Rio de la Plata, will establish a branch office in Mexico City. Besides this branch office perhaps another will be established in Vera Cruz. The director will be Augusto Cohelo.

BANKING IN THE REPUBLIC OF PANAMA

THE annual report of the United States Consul-General at Panama City contains, among other interesting and valuable information, a report on banking operations on the Isthmus. It points out the fact that the establishment of foreign banking institutions in Pamana dates from the time of its secession from Colombia, or shortly thereafter. Formerly banking operations were conducted by private firms exclusively, who, in the absence of organized competition, were enabled to make handsome profits in exchange and high rates of interest on money loaned. The organized banks are encroaching upon the field once occupied by the private firms, and it may be only a question of time when the latter will no longer be able to compete against the former. No laws have been enacted by the Government of this Republic governing banks or banking operations, and therefore the Colombian laws are still in force. The next National Assembly will probably enact laws to meet local banking conditions.

There are five banks here—the International Banking Corporation, with branches at Pamana, Colon and Empire; the Panama Banking Company, exchange banks; the Government Bank (Banco Hipotecario y Prendario), a mortgage bank; the Compañia de Prestamos y Construcciones, a native building society which does some banking business; and the American Trade Developing Company, called "the bank," which, while a private concern, does a loan business, generally in small amounts at high rates of interest.

Conditions for banking are not, on the whole, unusually favorable, the volume of exchange being limited, and owing to competition profits on such operations must be kept at relatively low figures. A few years ago the usual rates for discounting loans were two to three per cent. per month. The advent of banks has brought down the rate to seven to nine per cent. per annum. Hitherto, for sufficient reasons, the people on the whole did not hoard their money. Those few who wished to save money contracted the habit of hiding their unspent earnings, and in that way have kept a considerable amount of money out of circulation, and undoubtedly a large proportion of it will never be recovered. Now, however, the poorer classes are enabled, through the

organization of savings departments in foreign banks, to deposit their small savings with these institutions, which allow a liberal interest, and thus encourage the habt of saving. There is on deposit in savings accounts not less than $1,000,000. The total volume of exchange offered in this market does not exceed $2,000,000 a month, exclusive of post-office orders. The total deposits in all the banks probably reach $3,000,000 and the total loans about $2,000,000.

ANGLO-SOUTH AMERICAN BANK LTD., DIVIDEND

THE Anglo-South American Bank, Ltd., has declared a semi-annual dividend of five per cent. for the half year ended June 30, 1910, making ten per cent. for the year ended on that date; £30,000 has been placed to reserve fund, which now stands at £830,000; £48,500 is carried forward to new account. In addition to the above, £20,975 has been placed to a special reserve for depreciation of capital in Chili (this special reserve now stands at approximately £81,680) and £5,750 has been added to the staff pension and guarantee fund.

SAVINGS BANKS OF CHILE

THE *Diario Oficial* of Chile for September 12, 1910, contains the text of a law passed by the National Congress providing that all savings banks already or subsequently established, with subsidy from or under the protection of the Government, shall constitute one single institution to be known as "Caja Nacional de Ahorros" (National Savings Bank), the supreme management of which shall be vested in the council of the "Caja de Crédito Hipotecario" (Mortgage Credit Bank), of Santiago.

The government shall pay the "Caja de Crédito Hipotecario" an annual subsidy not exceeding 50,000 pesos for each savings bank that it may establish in towns north of Santiago, and not exceeding 40,000 pesos for each one established in towns south of the same city. This subsidy shall be paid until the bank becomes self-supporting.

The amount of an individual deposit shall not be less than twenty centavos, nor more than 500 pesos, and the balance of the account of each depositor shall not exceed 2,000 pesos. The total is to be invested in bonds of the "Caja de Crédito Hipotecario."

SHALL BANKS OF THE UNITED STATES MAINTAIN FOREIGN BRANCHES?

SAMUEL McROBERTS, vice-president of the National City Bank of New York, has pointed out the crying need for branches of home banks in the promotion of trade, by a paper published recently in *Banking Problems.* He says:

"The American merchant, in extending his trade, suffers from lack of intimate contact and confidential relations with the business life of other countries, which can best be supplied by resident American bankers. Under the present state of affairs, if he would inform himself as to particular trade conditions, as to the standing of a customer or make any of the confidential inquiries that are incident to business, he must seek some other firm that is engaged in the same territory in which he is operating or a banker having much closer affiliations with his competitors in Europe.

"There has been an effort made to supply this deficiency through the mercantile agencies, but the people of South America and the Orient do not take kindly to the interrogation of such agents; and the information, which otherwise would be readily obtained by a banking institution, is often withheld and the inquiry resented. American banks abroad would be dependent for

their prosperity very largely upon the extent of American commerce in their territory, and, by reason of self-interest, would be the most potent promoters of American enterprise, just as experience has proven the European international bank to be vitalizing element in the all-nations trade of Europe.

"Excepting the United States, every important country that is engaged in the exporting of manufactured products has furnished the facilities under notice for trade through the extension of its banking system to foreign territory. The customs of banking and the laws of the various European commonwealths are not unfavorable to the upbuilding of international banks, consequently the European banking house may set up its branches to the ends of the earth.

"English banks are as universal as commerce, while those of Germany, France and Italy are coextensive with German, French and Italian trade. For illustration, take a certain English international bank as being typical under the British system. This is a bank incident to the English interests in South America. Its home office is in London, and as an institution it is a citizen of England and under the protection of that government's foreign policy. It has branches in Valparaiso, Santiago, Iquique, Antobagasta, Copiapo, Coquimbo, La Serena, Chillan, Concepcion, Punta Arenas and Ovalle, Chile; Buenos Aires, Mendoza, Bahia Blanca and Rio Gallegas, in the Argentine Republic; Montevideo, Uruguay; and Oruro, Bolivia; and additionally, some forty-five agencies in other parts of South America. The ease, facility and safety for financial transactions afforded to the Englishman and his interests in that part of the world covered by this institution can be appreciated at a glance."

THE TERRITORIAL BANK OF CUBA

THE *Gaceta Oficial* of the Republic of Cuba publishes in one of its recent issues the presidential decree authorizing the "Credito Hipotecario Cubano" to establish the Territorial Bank of Cuba, in accordance with a law of the Cuban Congress, dated July 20 last, and approves the charter and by-laws of this bank.

By virtue of the law creating it, the Territorial Bank may engage in the following operations, in addition to such others as may be consistent with its charter: First-mortgage loans on real estate, purchase of outstanding mortgages, loans to municipalities and official institutions, acquisition and discount of state credits due from provincial or municipal governments and from institutions, issues of obligations, bonds, etc., secured by mortgages or otherwise, sale or negotiation of the same or issue thereof as collateral security for loans.

Señor Marcelino Diaz de Villegas, former Secretary of Finance, has been appointed president of the new bank.

NEW BANK FOR BRAZIL

IT is reported that Mr. Joaquim de Oliveira, a Brazilian citizen, proposes to found a new bank, the capital of which will be 30,000,000 milreis, to be constituted by "apolices" or bonds of the internal debt to be advanced by the federal government, on which the bank shall guarantee interest at the rate of five per cent. for ten years. The business of the bank will be to loan money to farmers and manufacturers at six per cent.; also make loans to civil and public employees.

DISSOLUTION OF THE BANQUE NATIONALE D'HAITI AND ESTABLISHMENT OF THE NEW BANQUE NATIONALE DE LA REPUBLIQUE D'HAITI

ON October 25, 1910, President Simon signed and promulgated the decree rescinding the contract with the Banque Nationale d'Haïti, and providing for the establishment of a new national bank to be known as the Banque National de la République d'Haiti, and the negotiation of a foreign loan of 65,000,000 francs.

According to the *Moniteur*, the official journal of Haïti, which publishes the text of these agreements in its issue of October 26, certain modifications were made by Congress in the original contracts signed in Paris last summer between the Banque de l'Union Parisienne and the Haitian Commissioners. In regard to the redemption on sight of bank notes, the original clause provided that this could be demanded only at the bank in Port-au-Prince, but accord-

ing to the modified article the redemption can also be demanded at all its branch houses and agencies.

AMERICANS IN LATIN AMERICA

R. LAPEIRA, JR., writing from Leon, Nicaragua, to the editor of the New York "Times" discusses candidly the attitude Americans assume towards Latin Americans. He says:

"I have read with surprise the reports contained in your issue of the 6th ult. regarding the existing enmity to the United States in South America.

"The majority of the American people are very ignorant of the pride of the Latin American race and of their 'modus vivendi.' They have long regarded the South Americans as inferiors, and this naturally brings about the ill feeling against the American people.

"The Europeans who come to Central and South America to do business treat the people with kindness and consideration, study their ways, and try to improve conditions to the advantage of all, but the Americans who come here, with very few exceptions, lack diplomacy and sometimes courtesy. I have traveled through Central and South America, where I have had occasion to note this very often.

"The enmity to the United States will exist until the Americans leave aside their haughtiness, and prepare themselves to treat people here with the decency they deserve."

CAN ADDITIONAL PROTECTION BE PROVIDED FOR BANK PAPER?

By Edward L. Suffern, Certified Public Accountant

THERE are a number of questions of great interest to bankers, which are of equal interest to practicing accountants. Among them, and very high in its degree of importance, is the question of the registration or identification of direct loan paper. By direct loan paper, I mean notes issued directly by the maker and offered for discount, as distinguished from paper received in the course of business, whether the same be discounted or not. If every concern doing business with banks were absolutely honest, a bank would only need to inform itself as to the financial condition of a borrower through the usual form of a financial statement which borrowers are asked to submit. Unfortunately, however, aside from the liability of self deception to which every one is exposed, it cannot be said that every one is thoroughly honest, and that this is a fact, the experience of banks continually demonstrates.

The ordinary form of statement of financal condition which banks require, is supposed to be a correct exposition of the facts shown by the books of account, and this it may be and still be far from showing the true condition. Nothing is easier than for a borrowing concern to withhold from the records items of obligations which have been incurred but not entered with the distinct purpose of being able to say that the statement as presented is in agreement with the accounts. This and other deviations from actual facts, have led some of the larger institutions to add to their list of inquiries to be answered the ones, "Have your accounts been audited by certified public accountants?" "If so, when, and by whom?" the institutions believing that if the accounts have been so audited an ad-

ditional assurance of accuracy has been created. The experience of the banks which have demanded this additional precaution demonstrates that their belief in its advantages has been fully justified.

It is a matter to excite great surprise that comparatively so few institutions have availed themselves of this entirely sensible, legitimate and effective method of assuring the correctness of the statements submitted by borrowers. No honest borrower should object to such a reasonable method, the expense of which is so small.

Apart from this feature, however, or rather as a part of it, is the question of definitely and correctly ascertaining the amount of loan paper which the borrower has issued. It has happened a number of times, and will happen again, that large amounts of obligations have been incurred of which no proper record has been made. A very notable instance occurred a few years ago, which deeply impressed itself upon the minds of all the bankers who were purchasers of the paper. A very large corporation had uttered a great volume of loans which nowhere appeared upon its regular books of account. The corporation in question had its accounts audited by responsible accountants, but these were deceived (as well as the banks who became ultimate purchasers) through the practice of the corporation of keeping the records of the transactions resulting from these excess loans on subsidiary books, which were not open to the auditors' examination.

This instance does not stand alone, there may be more of them than anyone can imagine. Within a few weeks a quite similar case occurred, where a concern discounted a large amount of paper in a city other than that in which its business was located, and the only record its books contained of the transactions was through the introduction of the proceeds of the notes in such a manner as to make it appear that they were part of the earnings of the business. Thus the books were falsified in two particulars, the apparent profits were illegitimately increased and the obligations were dishonestly stated. These examples demonstrate the necessity for the adoption of some methods which shall effectually prevent the negotiation of any paper which does not indicate on its face that it has been included as part of the stated liabilities, upon which the loan is granted. Can there be any such method devised? The question is asked in all seriousness. Clearly, if there could, it would be of immense advantage to the banks and to the honest borrower, and, equally clearly, it would be a practical prohibition to the dishonest one.

The effectiveness of any method would depend upon its adoption by all institutions, for, if some institution should insist upon the proper identification of its paper and others should not, it is clear that the failure to identify part of the obligations would vitiate the whole.

If there could be a provision, that all notes issued, the proceeds of which are to be absorbed in the business, should bear the identification of the certified public accountant whose certificate should be attached to the financial statement, and loaners were to insist upon it, the chances against inaccurate or falsified statements would be greatly reduced. In fact, they would be entirely eliminated, except in cases where there was calculated purpose to defraud and even in these the plan would entail criminal responsibility upon the fiduciary officer of a corporation perpetrating the fraud.

In these days, when the demand is so insistent for publicity of affairs of corporations, there seems no reason why borrowers should hesitate to permit such investigations of their affairs as may be required to verify their own statements.

A GOOD BAROMETER OF PROSPERITY

THE imports of diamonds and other precious stones in 1908, a year of trade and industrial depression, fell from $42,000,000 of the preceding year to less than $17,000,000 in value. The Bureau of Statistics at Washington reports that the imports of these luxuries during the calendar year just closed are not less than the imports for the fiscal year, amounting to $48,000,000. Luxuries from Europe, such as laces of cotton, flax, and silk, made in the Northern Continental countries and in Great Britain and Ireland, art works from various European states, French automobiles and German toys, furs and fur skins from the frigid north of the world, mahogany and rare woods from the tropics, and tobaccos from Turkey and from Cuba will altogether foot up to between $200,000,000 and $300,000,000 in the imports of 1910.

Notwithstanding these imports, which compare favorably with those of previous prosperous years, the representatives of big business complain that trade was flat and dull in the year just closed, while consumers by the million echo the cry of the high cost of living. The imports of luxuries by a nation have always hitherto been considered a fair index of its prosperity. We have not prospered, we say, yet we have spent more than ever before on things that were not necessary to health or comfort. Is this nation becoming a spendthrift? —*New York Times.*

WHAT A GOOD ADVERTISING AGENT DOES

IT is a much-mooted question in advertising circles whether the agent better serves the interests of the advertiser or the publisher.

Does he favor the publisher at the expense of the advertiser or does he give the advertiser an advantage for which the publisher has to pay?

The key to the whole situation lies in the fact that the recognized advertising agent receives the compensation for his services in the form of commissions from the publications in which the advertising of his clients appears.

Many persons would say off-hand that the agent would naturally favor the publisher because it is from him that he gets his remuneration.

If he did not give the advertiser real service and help him get satisfactory results he would eventually lose the account and no longer have the business to give to the publisher and consequently would not earn his commission of ten or fifteen per cent. as the case may be.

As a matter of fact, the real service advertising agent serves the advertiser and the publisher equally well and the best interests of neither suffer at the hands of the conscientious agent whose aim is to develop business for the good of all concerned.

In view of the fact that many officers of financial institutions, even those who do more or less advertising from time to time, know very little about the work of an advertising agent, it is our purpose in this article to take a typical real service advertising agency and explain in detail what it does and how it does it.

A Typical Service Agency.

Mr. Frederick H. Siegfried of the Siegfried Company, New York, has furnished the Bankers Magazine with a statement of the salient points of the service given to advertisers by the best agents.

These things which a good advertising agent does include:

Planning campaigns.
Preparing copy.
Creating trade-marks and advertising phrases.
Getting illustrations.
Looking after engraving.
Furnishing estimates.
Recommending media.
Checking insertions.
Securing space contracts.
Relieving clients of detail work.
Meeting advertising solicitors.
Saving clients money by keeping them posted on discounts, increase of rates, etc.
Acting as advertising manager, and many other services.

Explaining these points, Mr. Siegfried said:

A Broad View.

"The good agency man must have a wide vision. He does little experimenting with his clients or their advertising appropriation. He plans *with*

FREDERICK H. SIEGFRIED

them after having made a thorough study of their needs and opportunities, being guided in his recommendations by his past experience in the same or similar lines of advertising. As far as possible he makes himself part and parcel of the sales or business promotion departments of his clients, and is not satisfied with anything short of as thorough knowledge of markets, competition and similar factors as he would want if it was entirely his own business.

"In order to make this possible, he will not undertake more accounts than he can handle with this thoroughness.

Good Copy Service.

"The principles just stated apply particularly in the matter of preparing copy. In this agency, before we attempt to write an advertisement we make ourselves thoroughly familiar with every phase of our client's proposition. We live with his business until we get in the right attitude to present it most effectively to the public. I believe that all good advertising agents

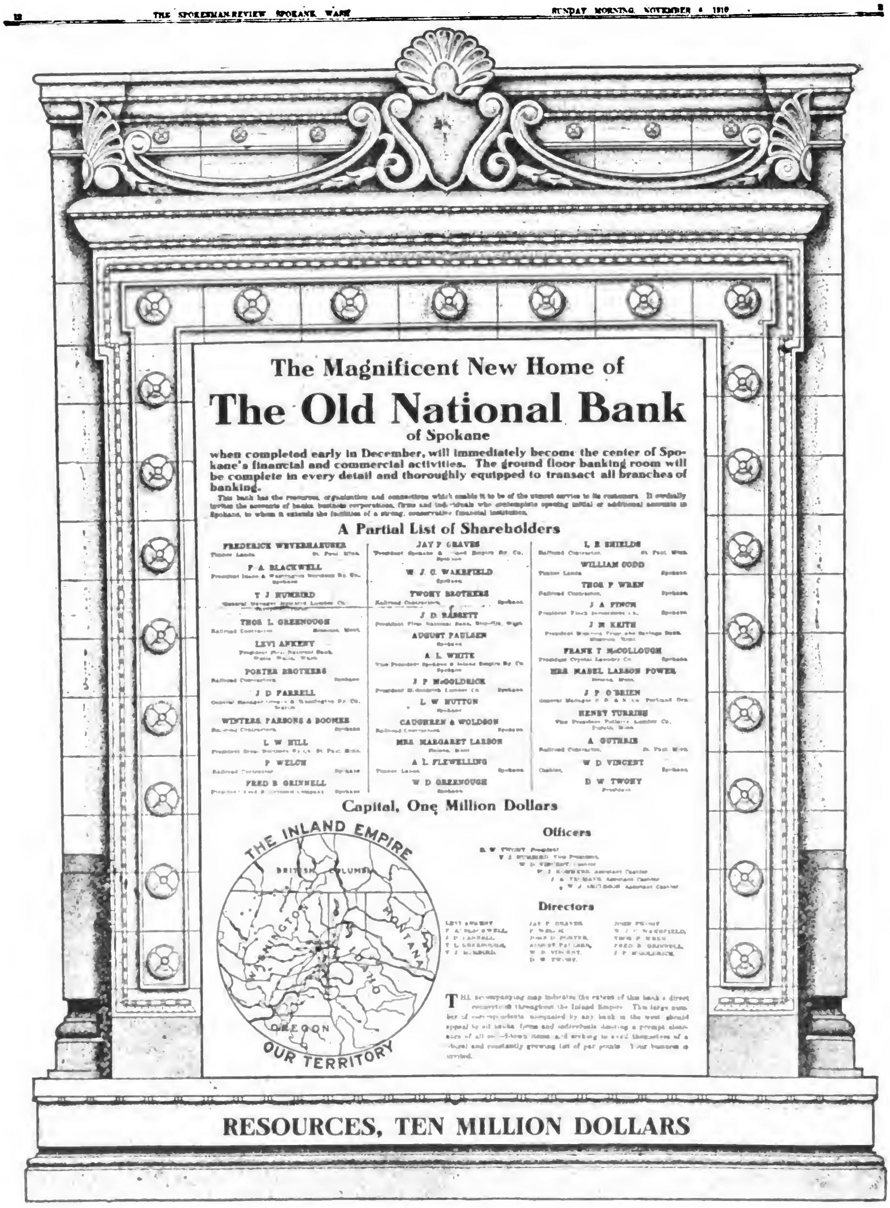
follow this plan. Indeed, I do not see how real service in advertising can be given in any other way.

"A trade-mark is a good-will maker—something concrete around which the popular conception of a business can be built up. Trade-marks and selling phrases or slogans oftentimes make or mar an advertising campaign. Their importance cannot be overestimated. We have had noteworthy success in creating distinctive and telling trade-marks and slogans for our clients—advertising assets worth many thousands of dollars to them.

GETTING ART WORK.

"An agency of recognized standing must also be in a position to furnish good art work quickly. Coöperating with the advertising agents of New York are organizations which

GOOD ADVERTISEMENTS PREPARED BY AN AGENCY



The Magnificent New Home of

The Old National Bank

of Spokane

when completed early in December, will immediately become the center of Spokane's financial and commercial activities. The ground floor banking room will be complete in every detail and thoroughly equipped to transact all branches of banking.

A Partial List of Shareholders

FREDERICK WEYERHAEUSER
F A BLACKWELL
T J HUMBIRD
THOS L GREENOUGH
LEVI ANKENY
PORTER BROTHERS
J D FARRELL
WINTERS, PARSONS & BOOMER
L W HILL
P WELCH
FRED B GRINNELL
JAY P GRAVES
W J C WAKEFIELD
TWOHY BROTHERS
J D RASSETT
AUGUST PAULSEN
A L WHITE
J P McGOLDRICK
L W HUTTON
CAUGHREN & WOLDSON
MRS MARGARET LARSON
A L FLEWELLING
W D GREENOUGH
L R SHIELDS
WILLIAM CODD
THOS F WREN
J A FINCH
J M KEITH
FRANK T McCOLLOUGH
MRS MABEL LARSON POWER
J P O'BRIEN
HENRY TURRISH
A GUTHRIE
W D VINCENT
D W TWOHY

Capital, One Million Dollars

Officers

Directors

RESOURCES, TEN MILLION DOLLARS

A STRIKING NEWSPAPER FULLPAGE

have artists working day and night making advertising illustrations. These and carefully developed lists of individual artists supplement the agencies' own art departments.

"Likewise in the important matter of engraving, agents have the best facilities at their command, day and night, at lower rates than most advertisers can command.

"The rate and checking departments of a good advertising agency must equal or even lead the other branches of the business in efficiency. They should be equipped to make estimates promptly for an advertising campaign in any class of media at the very lowest terms. A complete card file of rates of many thousand newspapers and other periodicals is indispensable and comes

in course of time to be a great asset. The agent is in constant touch with the special representatives of newspapers and magazines generally and is the repository for the latest authoritative information regarding all periodicals.

RECOMMENDING MEDIA.

"Recommending media is a crucial point of agency service, and this can be performed with wisdom only by an agency of experience, and absolute integrity. The agency with knowledge and experience in this phase of advertising can save its clients a great deal of money in making up lists of media best suited to the particular proposition to be advertised.

"The buying of space—a fine art in advertising—is something which an agent obviously can do better than the average individual advertiser. He has vastly greater acquaintance with the publications and their business methods.

"These are, in brief, some of the leading points of advertising agency service. The sum and substance of it all is that the good agent takes off his client's shoulders a mass of detail work and saves him time and money in a great many ways, in many cases also taking the brunt of the creative work.

"Detail and economy are of secondary importance to the broader view of the case—the initiative and business getting ideas which the agent puts into the solution of his client's advertising problems."

Reproduced herewith, are samples of some of the financial and real estate advertisments which The Siegfried Company has placed for its clients. They are commended to the attention of our readers as models of effectiveness in the matter of copy and display. No better illustration could be given of the value of having expert service in the preparation and handling of advertising.

ADVERTISING CRITICISM

Comment on Advertising Matter Submitted for Criticism

MR. R. B. Parrish, cashier of the First National Bank of Northfork, W. Va., writes:

I wish to thank you for the great amount of publicity you have given this bank in your magazine in regard to the advertising it has issued. It makes the writer feel that all his efforts in that particular have not been in vain, and he at the same time has actual results to show for themselves, which are the most convincing.

I enclose herein a copy of a pass book with some advertising, or rather an appeal, on the back cover. I have often felt that the amount of valuable space on the back of a bank pass book that was not used by any bank to my knowledge could be used to advantage by the banks. After much thought and study I have placed on the back of all our pass books the ad as shown. It strikes me that I have about hit the nail on the head in this argument and that it should have a tendency to hold accounts, at least it will possibly give the banker the advantage of getting next to what his competitors have used in their argument to get one of his depositors or what particular thing about another bank may appeal to a depositor sufficiently to induce him to change his bank.

Let me know what you think of my idea, and at the same time if it appeals to you and will be of advantage to any other banks I would be pleased to have you give it to them.

Thanking you in advance for your candid opinion.

A BARE IDEA

The paragraphs printed on the back of the pass book are as follows:

IMPORTANT

YOU are now a depositor of

THE FIRST NATIONAL
BANK OF NORTHFORK

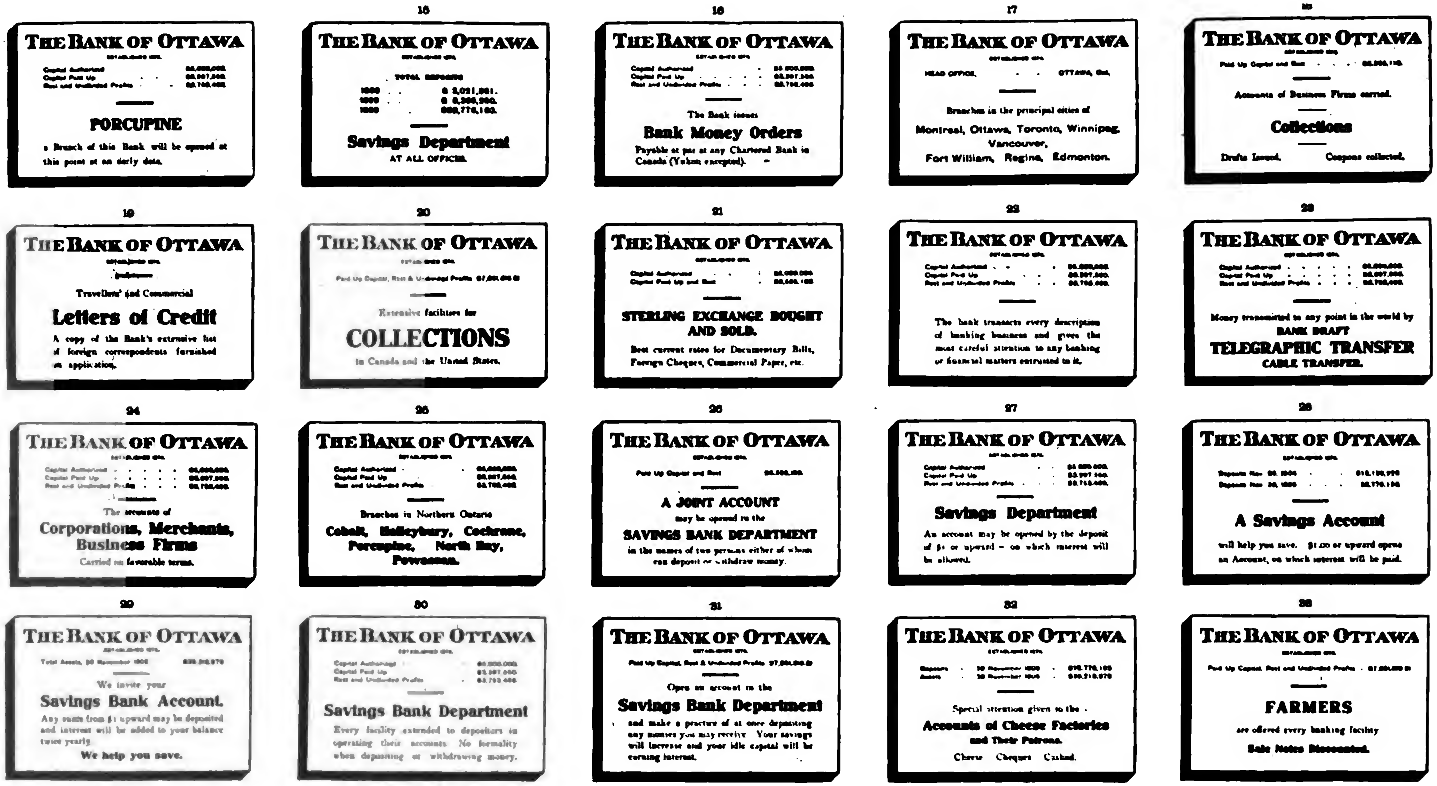
U. S. DEPOSITARY

NORTHFORK, W. VA.

Your interests are from this moment identical with those of this bank. Permit no one to induce you to change your bank or discontinue your account. You cannot better yourself by depositing elsewhere.

Before you give credence to any one who may seek to undermine your confidence in this bank or its management or influence you to deposit elsewhere write to or call on bank for an explanation.

This idea is all right, but we question whether the wording is just as tactful as it might be. There are two expressions in this appeal which strike a negative instead



SIMILAR TYPOGRAPHY WITH VARIETY OF TALKING POINTS

of a positive chord. One is "change your bank' and the other is "undermine your confidence." What is the use of suggesting these things? Would it not be better to treat the subject a little differently, perhaps saying something like this:

We are glad to welcome you as a depositor in this bank. We are confident that we can give you such good service in every banking particular that you will never care to bank elsewhere. We want you to realize that your interests and ours are mutual, and hope that you will feel like saying with pride "This is my bank," even as we are pleased to number you among our depositors.

If you ever hear any criticism of this bank or its methods we would consider it a great favor if you would tell us about it and give us the opportunity to reassure you concerning "our" bank.

This statement is not quite so much like an initiation ritual, but we think there is more of a handshake in it than the form submitted.

The First National Bank of Montgomery, Ala., makes an especially appropriate appeal for women depositors. It is in the form of an attractive folder entitled "Suppose I Should Start a Bank Account," and containing a colored "tipped in" view of the ladies' reception room of the bank. The talk is so good that we reproduce it herewith.

Glad to explain, Ma'am,—by just asking you a question—when people come to see you, don't you try to make them feel just as much at home as possible, and aren't you glad to do any little service for them? That's exactly the way with us. Because we are a "business" concern and a big bank isn't any reason why we shouldn't like to have friends and do all we can to make them like us?—No, it's all the more reason.

Then, when you know that the strength of this bank is measured by two and a quarter million dollars of good money,—that it has never lost a dollar for its depositors in forty years, you have a good idea how safe any amount will be that you may entrust to our keeping.

Put these two things together—a bank that wants to help you, and a bank that you can absolutely trust; then let us say something about how we have arranged things to make our house more pleasant and attractive to our good women friends.

The picture shows the Ladies' Parlor, and the window where you go to make your deposits and cash checks, the pretty furniture and desks where you can lay down your bag or bundles and write your checks and deposits, or a letter on our stationery; also the desk telephone. There is added a well-appointed lavatory. And did you know that we pay out brand new, crisp money?

How much will I need to begin an account?—We have no iron-clad rule. Five dollars, if you will, is enough. But the size of your business doesn't matter.

Twelve hundred ladies have accounts here now—more would be welcome.

Corn Exchange National Bank
PHILADELPHIA

WITH a high standard of excellence our endeavors are for perfect service.

SINCE 1858
Corn Exchange National Bank
PHILADELPHIA

has stood all tests in prosperity and business crises and holds the good opinion of its oldest depositors.

Corn Exchange National Bank
PHILADELPHIA

WE have reached and hold the accounts of substantial mercantile houses who know and appreciate good banking and reliable service.

Corn Exchange National Bank
PHILADELPHIA

THE modern spirit of banking is friendly helpfulness.

Consult us freely.

DISTINCTIVE

In sending us this folder, Mr. C. L. Chilton, Jr., advertising manager, writes:

I am interested in the Bankers Magazine, and have gotten some good meat out of "Pushing Your Business." I commend all efforts to get financial advertising out of the briars and put it on the same clean and business-like basis to which most other lines of advertising have attained.

Mr. Frank C. Mortimer, assistant cashier of the First National Bank of Berkeley, Cal., submits a quantity of advertising matter of that bank and the allied Berkeley Bank of Savings & Trust Company, consisting of booklets, statements and newspaper ads. A group of the latter is reproduced. Every one of them drives home a point, and in typography the ads. are about all that could be desired. The booklet is good, but printed in rather too small type. No bank booklet should be set in less than eight-point type.

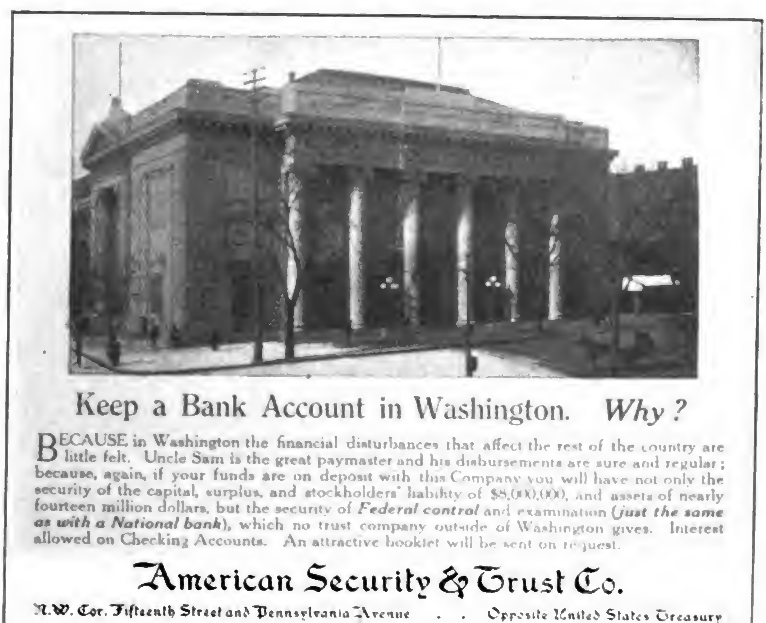
The advertisements of the Corn Exchange Bank of Philadelphia and of the Bank of Ottawa illustrate effective use of moderate sized space, and the great advantage of changing copy with each insertion. Both of these series are admirable illustrations of what this department has called "continuity and differentiation" in bank advertising.

HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

THE Lumbermen's National Bank, Marinette, Wis., recently sent out post cards to its various customers and to the people in general of Menominee county. These have the pictures of great men of the world, with some of their famous sayings upon one side, and upon the other a neat advertisement of the bank. The advertising is said to be doing the bank much good. A lot of people go to the bank to see if they can't get sets of the cards and are usually perfectly willing to pay for them.

The Corn Exchange Bank of New York, a large institution with a number of branches in different parts of the city, has started advertising in a large list of suburban newspapers on account of two of its branches particularly—those located in the



A GOOD MAGAZINE ADVERTISEMENT

REAL BANK ADVERTISING

Hudson Terminal Building and the new Pennsylvania station, respectively. A strong bid is being made for the business of "commuters" who use the McAdoo tubes to and from New Jersey and the Pennsylvania tunnels between Manhattan, New Jersey and Long Island.

Bank books, each showing an initial deposit of $1, were given as prizes in a contest in the Sunday school of the Epworth M. E. Church of Elizabeth, N. J. The accounts were in the Union County Trust Company.

The Merchants and Manufacturers Bank of Milwaukee, Wis., continues to send out unusually good statement folders. The November 10 statement carries this reference to the growth of the city and the bank:

Milwaukee. Without boom, or inflation, or territorial expansion, she passed in the last decade, from fourteenth up to twelfth place in the population among the cities of the United States, and her industrial and financial growth has more than kept pace with the increase in population.

Our own growth, as shown by our statements issued from time to time, is the measure of our share in the encouragement of new enterprises and the expansion of established concerns in Milwaukee. Our facilities are complete in every department and our policy is as liberal as legitimate banking will permit.

The Swedish American National Bank of Jamestown, N. Y., in coöperation with the Abrahamson-Bigelow Company, a department store of that city, carried out an advertising plan which resulted in the opening of 874 new savings accounts averaging $14 apiece. The scheme was this: The department store advertised extensively in the newspapers to give away checks for fifty cents to all visitors at the store whether buyers or not, checks to be good only in opening a new savings account for at least $5. The conditions on the back of the check were as follows:

CONDITIONS GOVERNING THE USE OF THIS CHECK.

On presentation of this check and money in amount not less than $4.50, the Swedish National Bank will open a new savings account book in your name, and you will be credited not only with the money you bring, but also with this 50c. check additional.

Your bank account to draw 3% interest from date of deposit, is subject to withdrawal at any time, without notice, except that at least $5 shall remain in the bank

for six months after the account is opened. Good only from Sept. 1st to Nov. 12th, 1910, in opening a new savings account.

The National Bank of Commerce in St. Louis has appointed a publicity committee, made up of officers of the institution, to bring to public notice happenings of public interest regarding the bank. The members of the committee are: J. A. Lewis, Cashier; G. N. Hitchcock, J. W. Reinholdt and George R. Baker, assistant cashiers.

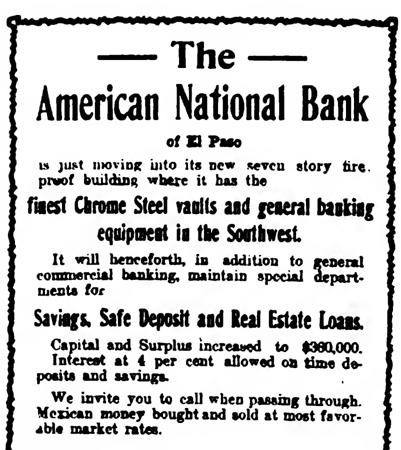
The Iowa State Savings Bank, of Burlington, Ia., uses an outline map of Iowa as a border for its newspaper advertisements. The almost rectangular shape of Iowa lends itself well to this use. This bank advertises its next annual Seed Corn Contest as follows:

We desire to announce that this bank will hold a Seed Corn Contest at about this time next year. There will be ten cash premiums offered for the best yellow corn, and five cash premiums for the best white corn. A cash prize of $10 will be paid for the three best hills of corn.

$52.00 in cash was the 1st premium paid for the best ten ears of yellow corn at the contest just held. Get busy and come in for a share of this at the next contest.

The National City Bank of Chicago gives away a handsome and useful advertising novelty in the shape of a combination hand mirror and paper weight.

The Lake County Bank of Madison, S. D., is distributing a card containing a condensed statement of the thirteen banks of its county. Naturally, this bank is at the head of the list.



FROM THE "MEXICAN HERALD"

STRONG USE OF NEWS IN BANK AD.

The Boonville National Bank of Boonville, Ind., uses as a kind of trade-mark on its letterhead the portrait of Ratliff Boon, one of the old time governors of Indiana.

Among the particularly noteworthy bank booklets which have recently come to our notice are these:

The First National Bank, Berkeley, Cal., very attractive general booklet printed in two colors on pebbled paper, brown cover, bound with silk cord. Occasion, the completion of new banking quarters.

The Superior Savings & Trust Company, Cleveland, O. Booklet having to do largely with banking by mail. Unique cover design consisting of a representation of many postage stamps in colors.

The United Banking & Savings Company of Cleveland, O. A strong statement folder containing a photographic view of the bank's building on the cover: The same institution has issued a good booklet entitled "Successful Growth."

The Central National Bank, Cleveland, O. A folder containing a reproduction of a newspaper article dealing with the renewed of this institution's charter for another twenty years.

We are indebted to the Bryan Printing Company for the samples of Cleveland bank booklets.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

FORTY-FIVE YEARS OF BANKING SUCCESS

THE GEORGE D. HARTER BANK AND OFFICE BUILDING, CANTON, OHIO

A GAIN of sixty-three and seven-tenths per cent. in population, as shown by the census report of 1910, gives the residents of Canton, Ohio, good cause for saying, as did St. Paul, that they are "citizens of no mean city," and Cantonians and visitors alike agree that the transformation effected by the erection of the new George D. Harter Bank building on the public square is a notable improvement.

A stately structure of white terra cotta, with green mansard roof and quaint gable windows jutting out therefrom, it stands impressively and conspicuously among its

neighbors in the heart of the business activity of the city, an example for public spirit to emulate.

Compelled by the increase of business to seek larger quarters and imbued with a desire to add to the city's appearance, the bank directorate determined to erect a building that would blend utility and art, representing at once its ideal as a banking establishment and as a contribution to municipal beauty.

F. HERBRUCK
PRESIDENT

THE NEW QUARTERS.

As may be seen from the accompanying illustration, the building consists of six stories and a basement and is of Roman Doric architecture. The interior of the bank impresses the visitor as a successful combination of the businesslike and artistic. The floor of the commodious lobby is of pink Tennessee marble, the wainscoting and counter front of Italian Skyros, with a green Greek Tinos border. All of the grille work is wrought in solid bronze and the furniture is rich mahogany, simple and substantial in design. Above all, on walls and ceiling, is a simple, though really effective, tint of creamy yellow, studded profusely with the latest improved electric lights, that shed a soft lustre of light over the entire establishment.

Conveniences for patrons have been given especial consideration. Near the entrance is a room fitted up particularly for the comfort and convenience of ladies, which has already proved a boon during the short period of its existence. Coupon booths have been installed for the benefit of renters of safe deposit boxes, where they may examine the contents of boxes in privacy and at their leisure.

Facing the entrance and alongside the bookkeepers' windows are the cashier's offices, consisting of an ante-room, readily accessible, and a private office. The directors' room is a large, impressive chamber at the rear, fitted with massive mahogany furniture. Down stairs are lockers and conveniences for the staff of clerks, and vaults for storage of books, records and supplies. The establishment has been equipped with the latest devices and appliances to facilitate the handling of the business. An intercommunicating telephone system has been installed, connecting cashier and tellers with the various departments.

H. W. HARTER
VICE-PRESIDENT

In the first few days following its completion the institution was visited by thousands of Cantonians and by bank officials from Ohio and surrounding States, who were surprised to see such a complete banking

establishment, equipped with every essential facility, in a city of Canton's size.

Interest centered on the massive armor-clad vaults, impenetrable and impervious to all assaults, and which in modernness of construction and mechanical ingenuity are said to be the pride of the safe-maker's art. Each teller is provided with an individual cash apartment in this vault. All collateral and important papers are also filed here. Behind this main vault is a separate safe deposit box, storage and book vault, containing safe boxes from the smallest size to those in which the family silver, heirlooms and other bulky valuables may be left.

Although the institution is justly pleased with its new quarters and with the many compliments received, it prides itself even more on the reputation it has gained, namely, that of having one of the safest and most effective business systems now in operation.

Citizens of Canton are probably unaware of the many high compliments that have been paid to a banking institution of their city by men of high rank engaged in the same field of work, who assert its bookkeeping department is above par, ranking among the best in the State.

Among the staff of employes there is an unusual esprit de corps. As one observant customer of the bank has remarked, "There seems to be team work here." The cashier and tellers hold meetings at regular intervals to discuss and plan the work, and to keep the various departments lined up to their part in this smoothly running piece of business machinery. It has constructed a system that checks up the work of every clerk in the bank, and no transaction, however small, can be made without automatically registering itself on the necessary records. In addition to the most modern methods in vogue elsewhere, it has evolved original systems which are being copied and used by other banks.

Spurred on by a realization that size of city puts no limitations on thoroughness or effectiveness of banking systems, the staff

E. E. MACK
CASHIER

J. H. DUMOULIN
DIRECTOR

H. R. JONES
DIRECTOR

C. N. VICARY
DIRECTOR

SPACIOUS LOBBY IN THE MAIN BANKING ROOM

ENTRANCE TO BANKING ROOM FROM OFFICE CORRIDOR

members have taken pride in sustaining the reputation they have earned. It has been the constant aim to so thoroughly and exactly arrange matters that any detail of whatever nature can be furnished accurately and promptly.

The bank maintains a credit department that keeps its officers in closest touch with borrowers. Its thoroughness and completeness have been a revelation to those whose business has given them occasion to see it.

Every day promptly at 11.30 o'clock the discount and finance committee meets to pass on all loans. Among Cantonians and banks throughout the State the bank has gained the name of being conservative enough to be absolutely safe and liberal enough to satisfy fair-minded people.

Historical.

The bank was established back in 1866, when George D. and Michael Harter, two of Canton's most promising young men of that time, rented the old Bockius homestead in South Market street, and with a little money, fine reputations and the confidence of the community as capital, decided to become bankers. About 1870 Michael Harter withdrew, leaving George D. Harter as the sole owner of the bank. In a few years the bank moved to the quarters at 125 East Tuscarawas street, which it has recently left.

In 1891, following the death of Mr. Harter, the bank was reorganized as a State bank, with $180,000 capital. F. Herbruck was elected president and Henry W. Harter, vice-president, and still hold their respective positions. Year by year the bank has built higher and higher its reputation for reliability and fairness.

In September, 1909, the capital was increased to $300,000, with a surplus of $60,000; since then the growth has been even more rapid. This has been particularly noticeable in the limited time during which the bank has occupied its new home, the number of new accounts increasing at a rate unprecedented in the bank's history.

SAFE DEPOSIT VAULT, SHOWING DIRECTORS' ROOM TO LEFT

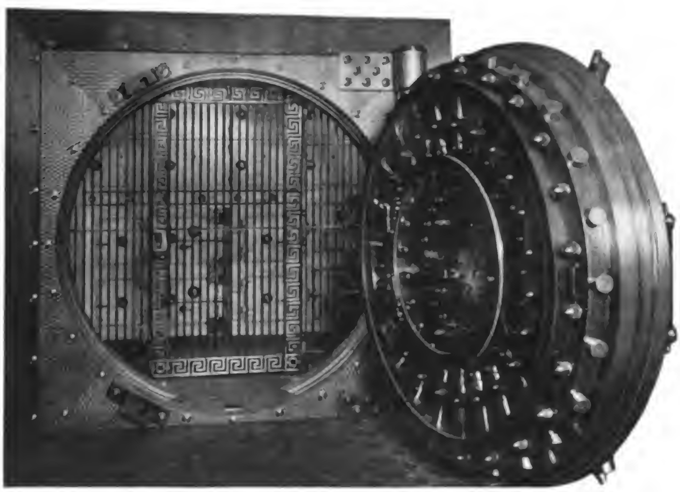
The following comparison of assets shows conclusively the constant and rapid growth:

November 1, 1891	$703,165.30
November 1, 1905	1,990,403.01
November 1, 1906	2,124,700.02
November 1, 1907	2,236,095.44
November 1, 1908	2,249,740.81
November 1, 1909	2,490,171.04
November 1, 1910	3,015,250.98

Elmer E. Mack, the cashier, although still a comparatively young man, began his career

as the bank's messenger in 1881, serving in the various capacities, and was elected to his present position in 1900. Thomas D. Vogelgesang, the veteran teller, has also been with the institution for the past thirty years.

The bank's personnel is as follows: Directors: F. Herbruck, Judge Henry W. Harter, H. R. Jones, J. H. Dumoulin, Mrs. Elizabeth A. Harter, Charles N. Vicary, E. E. Mack. Officers: F. Herbruck, president; Henry W. Harter, vice-president; E. E. Mack, cashier; Thos. D. Vogelgesang, first teller; Jos. K. Bye, teller and chief of loans and discount department; Edgar E. Swinehart, teller and chief of collection and transit department; Will R. Myers, teller and chief of bookkeeping department; Ralph E. Furbay, bookkeeper of liability ledger and note clerk; John F. Roos, bookkeeper of individual active accounts; Howard Garner, bookkeeper of individual sundry accounts; Adolf E. Heilman, bookkeeper of general accounts; Earl V. Newton, bookkeeper of savings accounts; Chas. F. Tinkler, collection and clearance clerk; Miss Lucille T. Holloway, stenographer and phone operator.



MONEY VAULT

THE BROAD AND MARKET NATIONAL BANK OF NEWARK, NEW JERSEY

ONE of the liveliest centers of commercial activity in a metropolitan district is to be found in Broad and Market streets, Newark, New Jersey. The latest acquisition to Newark's many sound financial institutions is The Broad and Market National Bank, which opened its doors for business at ten o'clock on the morning of January 3, 1911.

The new bank begins its career with a paid-up capital of $200,000 and a surplus of $100,000. It has been organized along popular lines, and will cater carefully to the needs of the smaller business men and manufacturers, having ever in mind the development of its own city.

From the inception of the plan to launch The Broad and Market National Bank, extraordinary energy has characterized every step, and the fact that in less than three months after the prospectus was issued to the public all the stock was sold, and that in less than five months the bank was ready for business, demonstrates not only the ability and character of the men who have launched the new institution but indicates what may hereafter be expected of The Broad and Market National Bank. Relations have been established with a number of banks and trust companies and the Fourth National Bank of New York has been selected as the New York depository.

Personnel.

The directorate includes many men well known in commercial life for successful endeavor. Among them are manufacturers,

A GLIMPSE OF THE MAIN BANKING ROOM

OFFICERS' QUARTERS.

retail dealers, professional and financial men whose sterling reputations place the new bank on a par with older established institutions. The names of these gentlemen are: John O'Connor, Christian Fleissner, David King, George H. Lambert, S. Ludlow, Jr., R. Russell Brant, John Nieder, Morris Cohn, Harry M. Friend, Joseph Samuel, George H. Fritz, Louis J. Beers, Robert O'Gorman, George Weyrauch, Laban W. Dennis, Charles H. Stewart, Joseph J. Rafter, Francis MacD. Sinclair, William A. Gray, Theo. S. Fettinger, Isaac Shoenthal, Walter C. Jacobs, John E. Helm, Henry S. Altai, Frank Wadsworth and Joseph Gatti.

On December 1, 1910, occurred the first board meeting. It was called for the purpose of adopting by-laws and selecting officers. Joseph J. Rafter was made president; David King, Christian Fleissner and Joseph Samuel, vice-presidents, and Charles W. Lent, cashier. Homer J. Van Duyne, late of the First National Bank of Arlington, N. J., is the paying teller and Harry W. Bangs, of the Columbia Bank of New York, is the receiving teller.

Mr. Rafter is fifty-three years old. He is decidedly a man of action, full of energy, forceful, tactful and diplomatic to a degree. He has held positions of great responsibility as proprietor and manager of some of the largest printing plants located in New York, Boston, Buffalo, Holyoke, Springfield and Hartford during the last twenty-three years. In 1907 he was called to take charge of and modernize the great printing office of the Prudential Insurance Company, in Newark, and in the last few years has succeeded in organizing and placing this plant at the forefront of the printing plants of the country.

David King, the first vice-president, is a resident of Jersey City. He has been a banker for twenty years, having been engaged with the Fourth National Bank of New York during that time, filling every position from messenger boy to chief clerk.

Christian Fleissner is a manufacturer of embossing plates and specialist in fancy lettering. His place of business is at 91 Mechanic street, Newark, where he has prospered for twenty years.

Joseph Samuel is a broker in iron and metals. Mr. Samuel is widely known in Newark and vicinity, has been thirty-two years in business, is a prominent stockholder in the Essex County National Bank.

Charles W. Lent has been connected with the Essex County National Bank of Newark for the past twenty-three years. He has filled every position from messenger to discount clerk.

Banking Quarters.

It was the hope of The Broad and Market National's officers that the banking quarters in the Globe Building, 800 Broad street, would be ready for inspection New Year's Day, but despite strenuous efforts on the part of the contractors this could not be accomplished.

A contract for the work was given to the Bankers' Building Bureau of New York City on November 30, 1910, but they did not get possession of the premises until the seventh of December. They then broke

SAFE DEPOSIT VAULT

all known records for equipment of banking quarters of the better class, fulfilling all the conditions of their contract within twenty-three working days.

The contract called for the erection of a new front to the building, the laying of tile floors, stronger foundations to support the marble screen of the main banking room, wainscoting the walls with marble, providing a steel vault, and the decoration and furnishing of the whole interior.

The immense steel vault containing many safe deposit boxes and reserve compartments is located at the rear of the banking section, next the directors' board room.

Two views of the remodeled rooms are shown herewith; they will, perhaps, convey some idea of the elegance of the fittings.

Amply fortified behind an organization of known strength and comfortably located in the busiest center of its city, The Broad and Market National Bank of Newark, New Jersey, starts off most auspiciously.

THE NATIONAL BANK OF COMMERCE OF NORFOLK, VA.

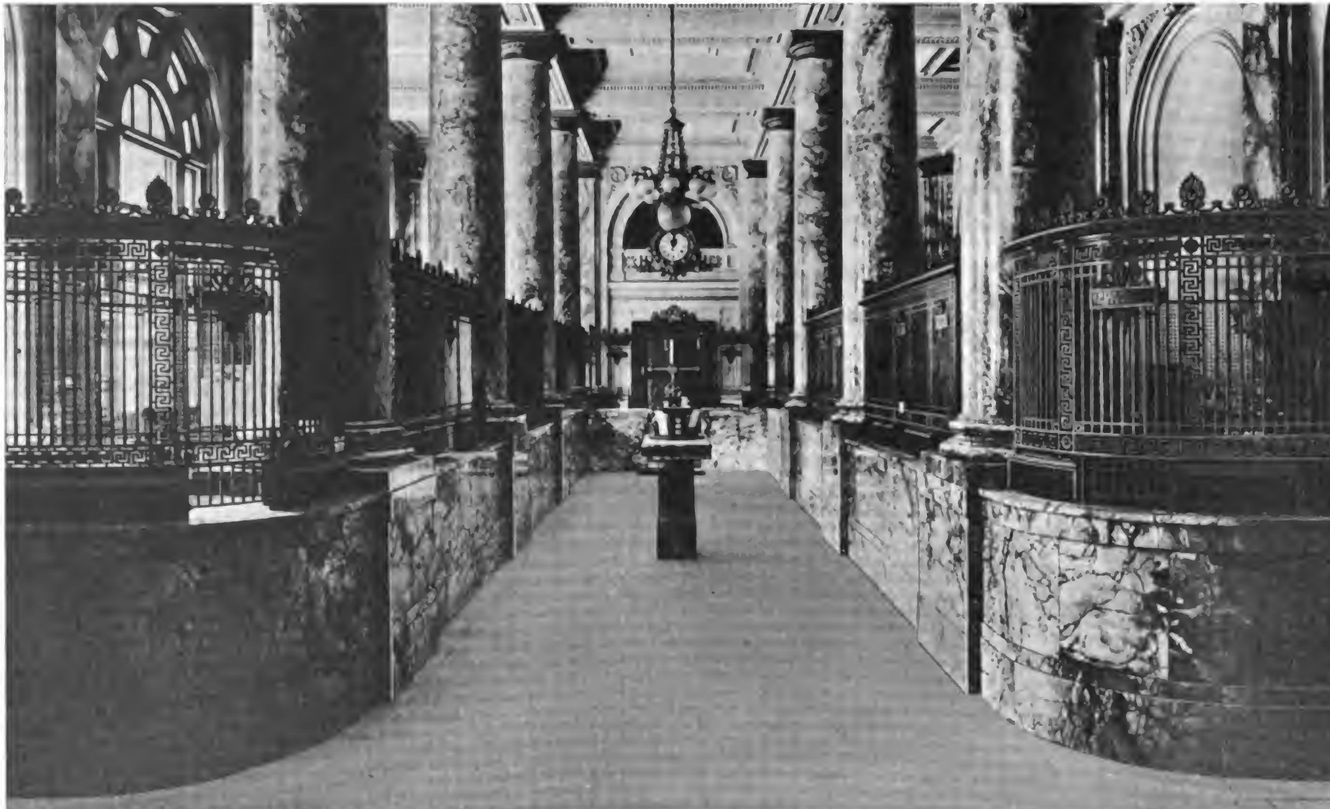
TOWARDS the end of last year the National Bank of Commerce, the largest financial institution in Norfolk, Va., celebrated its fortieth anniversary. In commemoration of such an auspicious event, an appropriate announcement in the form of an historical booklet, was sent out by the bank to its friends and customers.

The tide of prosperity that has swept over the states of the South in the past decade, and which is still at its flood, is most strikingly reflected in the steady growth of the National Bank of Commerce.

The record of forty years of successful banking, as interestingly set forth in the booklet referred to, reveals a growth that is in many respects, remarkable. In 1878, eight years after organization as the People's National Bank, a reorganization was brought about and the bank's present name selected. In 1891 the original capital of $50,000 was increased to $100,000; six years later this amount was doubled. In 1902 the capital was further increased to $500,000 and in 1907 to $1,000,000; to this there has been added a surplus fund of $680,000, and the present resources are reported to exceed $7,500,000.

THE NATIONAL BANK OF COMMERCE OF NORFOLK, VA.

About four years ago the National Bank of Commerce completed a new building that ranks with the most pretentious and finely-appointed business edifices of any city in the South. It is a thirteen-story fireproof



BANKING ROOM, THE NATIONAL BANK OF COMMERCE

THE OFFICERS' QUARTERS

DIRECTORS' ROOM

structure, with two additional floors below the street, erected on a conspicuous corner in the business heart of the city, and provides commodious office accommodations for more than two hundred business firms and individuals. The bank itself occupies the whole of the first floor and the mezzanine.

Fronting the building entrance, at the right of which are the elevators, handsome doors of bronze enclose the inner door leading to the main banking room, which is a model of substantial elegance in architectural construction and harmonious decoration.

Counters of Grecian marble extend down the room on either side, intersected by columns of polished marble and surmounted by grille work of bronze. At the left of the entrance is the president's office; next are the enclosed desks of the cashiers, then in order the various departments of the note-teller, foreign and local exchange windows, general bookkeeper and the paying tellers, and finally, in the center, the massive chrome-steel vault. Back of this and at either side are private booths and rooms for directors' meeting, and on the right coming forward are the several passbook bookkeepers, the receiving-teller windows and the ladies' window.

The banking rooms are fitted with the most perfect mechanism and conveniences known to modern business system. All the furniture and fittings are of metal; desks, cabinets, letter and document files, ledger shelves, all are of metal construction, grained so as to be scarcely distinguishable from walnut and mahogany. In the basement there is a vault for the storage of silverware and other valuables of bulk, also

DINING ROOM FOR EMPLOYEES—THIRTEENTH FLOOR

INTERIOR OF VAULT—SHOWING BANK'S PRIVATE SECTION, AND SAFETY DEPOSIT BOXES

THE MASSIVE VAULT DOOR
EQUIPPED WITH EVERY MODERN SAFETY APPLIANCE

a brick vault for books of record, and the lockers, toilet-rooms and bath for the clerical force.

On the mezzanine floor are the directors' room, committee rooms and officers' toilet, locker and bath rooms. It is to be inferred that the National Bank of Commerce has spared no expense that might secure additional comforts for its splendid building.

Much might be said of the officers and directors who have by their concerted efforts built up this bank, and who stand ready to safeguard its customers against all loss. But further comment other than the mention of their names is unnecessary.

The officers of the bank are: Nathaniel Beaman, president; Tazewell Taylor, vice-president; Hugh M. Kerr, cashier; M. C. Ferebee, asst. cashier; R. S. Gohoon, asst. cashier.

Those who constitute the board of directors in addition to the president, vice-president and cashier are: E. C. Fosburgh, Fosburgh Lumber Company; John H. Rodgers, Rodgers, McCabe & Co., cotton exporters; John L. Roper, John L. Roper Lumber Company; Henry L. Schmelz, president Bank of Hampton, Va.; W. R. Martin, president Burrow, Martin & Co., Inc.; W. T. Simcoe, dry goods; C. H. Hix, general manager S. A. L. R. R.; Fred. Greenwood, president Pual-Gale Greenwood Co., Inc.; Thomas H. Willcox, attorney at law; Alvah H. Martin, president Merchants & Planters Bank of Norfolk; Frank E. Wilcox, division manager Virginia-Carolina Chemical Co.; B. W. Leigh, capitalist; T. S. Southgate, president T. S. Southgate & Co., Inc.

EXPERT ADVICE ON BANK EQUIPMENT

A SPECIALIZED SERVICE FOR BANKS CONTEMPLATING THE ERECTION OF NEW BUILDINGS OR THE REMODELING OF OLD ONES

THOMAS BRUCE BOYD, whose portrait is here reproduced, is quite well known throughout the Eastern States. He has devoted many years of his life to the study of bank equipment and is now in business for himself, having earned his title of bank engineer.

As a young man Mr. Boyd was brought in touch with the designing and detailing of metal and wood furniture for offices, banks and other buildings, and for the past six years he has been associated with the Library Bureau as their bank specialist.

This corporation was quick to recognize the genius of Mr. Boyd in the study of bank requirements. The greatest efficiency for the clerical force, the economy of space, and the architectural and artistic taste displayed in his work have marked him as one who should specialize in bank work, and, as the Library Bureau's representative his talents have had full play in some of the most important of its contracts. Among them the following might be mentioned: The National City Bank, the Knickerbocker Trust Company, Emigrants' Industrial Savings Bank, Williamsburg Savings Bank, People's Trust Company, Brooklyn, New York; Savings Bank of Danbury, Danbury, Conn.; Traders' National Bank, Scranton, Pa.; Whitney Central National Bank, New Orleans, La.; Metropolitan Bank, New Orleans, La.; The Bank of Commerce & Industry, Mexico City, and the Curtis Publishing Company of Philadelphia.

The service that Mr. Boyd offers to the banker who intends to let contracts for a new building does not conflict in any way with the work of the architects. Indeed, a competent architect should always be engaged to devote his best thought and effort on the design and type of building required, and to be the banker's direct representative for the whole structure.

The architect cannot do this if he is called on for the details of the adminis-

ARCHITECTS: CLINTON & RUSSELL, NEW YORK

MAIN BANKING ROOM TRADERS NATIONAL BANK OF SCRANTON, PA.

EQUIPMENT INSTALLED UNDER THE SUPERVISION OF THOMAS BRUCE BOYD

PHILIP HERMANN'S SON, BUILDER

INTERIOR NEW YORK COUNTY NATIONAL BANK

FURNISHED AND ARRANGED BY THOMAS BRUCE BOYD

trative equipment, as this requires the special study of banking technique, with the knowledge of accounting and systems.

Mr. Boyd supplements the work of the architect and relieves him of the details, so that he may give his best thought to the design and architectural features of the building. His knowledge of architecture enables him to make his designs so that the work when finished will not conflict with the conception the banker and architect have in mind for the banking room.

Thomas Bruce Boyd

BANK EQUIPMENT ENGINEER

By this plan the banker gets the right equipment without marring the beauty of the architect's design. Mr. Boyd's experience enables him to plan the equipment and furniture so that if future changes are necessary they may be made without inconvenience. He is at present employed by Messrs. Trowbridge and Livingston, the architects for the new building of the Bankers' Trust Company, New York city, to lay out and advise on the technical and administrative equipment. This same service is being performed for the Manhattan Trust Company, New York, and the Markle Banking & Trust Company of Hazleton, Pa. He recently completed plans of the technical equipment for the Fourth National Bank, New York city, whose formal opening occurred recently.

Architects are welcoming Mr. Boyd because he brings with him the knowledge and experience gained by systematizing and equipping some of the most important bank buildings of recent years. Bankers are welcoming him because he is neither prejudiced nor is he obligated to any manufacturer. He can give therefore the very best advice to prospective bank builders and is in a position to see that they get a square deal with close competition on the one set of plans and specifications.

WHEN COURTESY AROUSED DISTRUST

A FORMER vice-president of the old Nevada Bank, and later of the Wells Fargo-Nevada Bank, tells the following story: The Nevada Bank, for years the favorite depository in San Francisco for the Nevada miners, was frequently visited by miners, who wanted to deposit their accumulated wealth, but had never before had any dealings with banks or bankers, except, perhaps, with some broker and merchant in a mining town. One day an old miner called at the bank and timidly inquired about deposting his money. He was directed to the vice-president of the bank, who in turn escorted the caller into the inner office and introduced him to the president of the bank. After exchanging a few courtesies and informing him concerning the depositing of money and drawing checks against his deposit, the old miner emptied his pockets of a large amount of gold and currency, the accumulations of years of profitable toil. He was then introduced to the receiving teller, was assisted in making out his deposit tag, was given a bank and a check book, and was about to depart.

A few minutes later he returned to the receiving teller's window and asked how to make out a check. He was duly instructed and promptly presented a check, made payable to himself for the entire deposit at the paying teller's window. The paying teller inquired of the receiving teller whether the check was good for the amount called for, and received an affirmative answer.

This aroused the curiosity of the paying teller, who informed the vice-president. They asked the miner why he withdrew his money immediately after depositing it. He told them that the officials and tellers of the bank were so polite that he suspected they intended to keep his money and would cheat him out of it. He could not understand that men should be so polite and accommodating when they were merely to take care of his money, hire men to receive it and pay it out on his checks when they did not charge anything for the service and the expense of keeping up a large establishment for his accommodation.

A PRACTICAL NOISELESS FLOOR COVERING FOR BANKS AND OFFICE BUILDINGS

EVERY new article, appliance, or invention that tends to improve the general appearance of a bank's home or increase the efficiency of its working force, is certain to be adopted into general use. THE BANKERS MAGAZINE has, from time to time, commented on such appurtenances as the use of armor-plate steel for vaults; prism glass for skylights; marble and bronze for counters and counter screens and more recently, the use of the telautograph for rapid intercommunication, improved electric lighting at a minimum cost, and the steel bank car propelled by gasoline. The practicability and usefulness of these and numerous other necessary adjuncts to the up-to-date banking institution, have been established through common usage, and still there remains an unlimited field for further improvements along such lines.

The noise problem has ever been a vexatious one to bank builders. It is ofttimes desirable to complete a decoration scheme by the use of mosaic floor tiling, but if this is done, there can be no cessation of the objectionable clatter of tramping feet that continues from morning to night.

About fifteen years ago the New York Belting and Packing Company, Ltd., worked out the solution of this problem. They began the manufacture of an interlocking rubber tiling that has proved its worth to hundreds of bank and office buildings many times over. The noiseless feature is but one of many; the tiling is sanitary, water and fire-proof and not slippery. It can be made up into almost any attractive design and no amount of wear can destroy the colors or patterns.

INTERLOCKING RUBBER TILING AS LAID IN THE SEABOARD NATIONAL BANK OF NEW YORK

Apropos of the question of durability the following letter from the president of the Seaboard National Bank of New York is offered in evidence:

INTERLOCKING RUBBER TILING AS LAID IN THE COUNTY SAVINGS BANK AND TRUST COMPANY OF SCRANTON, PA.

INTERLOCKING RUBBER TILING AS LAID IN THE MAIN BANKING ROOM OF HORNBLOWER AND WEEKS' NEW YORK OFFICE

THE SEABOARD NATIONAL BANK

OF THE CITY OF NEW YORK.

18 BROADWAY

S. G. BAYNE, President.

S. G. NELSON, Vice President.

C. C. THOMPSON, Cashier.

CAPITAL $1,000,000.

SURPLUS AND PROFITS (EARNED) $ 2,000,000

NEW YORK, Nov. 10th, 1910.

New York Belting & Packing Company, Ltd.,

91 Chambers Street, City.

Gentlemen:-

The floors of this bank were laid ten years ago with your Interlocking Rubber Tiling, and since that time it has been thoroughly tested. Its present condition is apparently the same as at first, showing it to be practically indestructible, and its texture gives a firm, noiseless foothold. In making changes it can be taken up and relaid without loss; it is vermin-proof and is easily cleansed. Many artistic combinations may be made both in design and color from the tiles in stock.

We have pleasure in giving the tiling our unqualified recommendation, for both public and private use.

Yours very truly,

S. G. Bayne

President.

S-G

BOOK REVIEWS

LITERARY REMITTANCES BY A BANKER. By Charles W. Reihl. New York: The Financier Publishing Co.

Books dealing with the practical side of banking are too often apt to be dry reading, even for those most interested in such subjects. But Mr. Reihl, by putting his suggestions in the form of letters or familiar talks, has avoided this difficulty, with the result that he has produced a work that is of interest not only to bankers, but to investors and business men generally.

Hardly any phase of the work of a bank has been overlooked. Mr. Riehl writes from the standpoint of long experience in banking and as a bank examiner. The message he has to give is couched in an attractive form, and there can be no question of its practical helpfulness to all who wish to equip themselves more fully for the daily duties of a bank.

ROSE LEAVES; GUIDE-POSTS ON THE FOOT-PATH TO PEACE. By Evelyn Gage Kniffin. (Published by the author, 130 Milton street, Brooklyn, N. Y.)

Somebody has said that poetry and banking don't mix. Fortunately, this dictum does not prevent the banker's wife from

cultivating the muse, or we might have been deprived of these two tasteful volumes of verse from the pen of Mrs. Kniffin, whose husband is cashier of the Home Savings Bank of Brooklyn, New York.

To one who loves sincerity, refinement and beauty of expression, these poems will prove a source of genuine delight. For if they do not aspire to reach the heights of sublimity, nor to descend to the depths of sorrow whence much of true poetry springs, they lead along paths that are restful and refreshing. In theme they are invariably elevated and ennobling, and in form they are musical and true.

To those who hold that the purpose of poetry is to afford pleasure, the volume entitled "Rose Leaves" will especially appeal, while those who believe that poetry should not only entertain, but instruct, will find "Guide-Posts on the Foot-Path to Peace" more to their liking, the poems in this volume being of a deeply religious tone. The real lover of the poetic will, we are sure, find keen enjoyment in both these dainty volumes.

BANKING AND FINANCIAL NOTES

CHEMICAL NATIONAL OF NEW YORK ELECTS NEW PRESIDENT.

With the resignation of William H. Porter, who has been made a member of the firm of J. P. Morgan & Co., Joseph B. Martindale, vice-president, has been elected president of the institution. Herbert K. Twitchell, heretofore assistant cashier of the bank, has been appointed Mr. Martindale's successor as vice-president. The promotion of Mr. Martindale, who is still under fifty years of age (he was born in 1862), to the highest position in the bank, comes after thirty-two years of labor in its behalf. While he entered its employ as a junior clerk in 1878, his advancement has been most marked during the past eight years. In December, 1902, he was raised from the position of credit clerk to an assistant cashiership and served in the latter office until January, 1907, when he was made vice-president and a director. He has a most agreeable personality and is favorably regarded in banking circles. Mr. Twitchell, who succeeds Mr. Martindale as vice-president, became associated with the Chemical four years ago as assistant cashier, having previously been with the Chase National in a similar capacity.

FIRST NATIONAL OF NEW YORK HAS REMARKABLE TEN-YEAR RECORD.

During the past ten years the First National Bank of New York has paid to its stockholders $44,800,000, more than one-half of which has been in extra dividends.

For a number of years up to 1901 the bank paid 100 per cent. on a capital of $50,000. In 1902 the capital was increased to $10,000,000, and the bank declared a 1900 per cent. dividend—the largest ever paid by a New York national bank. In addition to this a regular twenty per cent. dividend was paid, which was continued until 1905, when it was increased to twenty-five per cent. In 1906 it was again increased, this time to thirty-two per cent., at which rate it has since remained. An extra dividend of 100 per cent. was declared in 1908 for the purpose of forming the First Security Company.

MERGER OF NEW YORK BANKS ASSURED.

Stockholders of the Phenix National Bank will have distributed to them about 1,900 shares of the Phelps-Dodge Company, under the plan of merger with the Chatham National Bank. The shares are quoted at 200 bid, so that this stock has a value of approximately $380,000, which is equivalent to thirty-eight per cent. of the face value of the Phenix National's stock.

The plan of merging the two institutions through the purchase by the Warner-Law syndicate of Phenix stock is assured by the fact that holders of fully enough of the Phenix National's shares have consented to deposit them with the Guaranty Trust Company under the plan of purchase offered by the syndicate to carry the proposal through.

Louis G. Kaufman, the president of the Chatham National, who will be president of the merged bank, which is to be known as the Chatham-Phenix National Bank of the city of New York, says that the merger will go through before spring. The capital of the consolidated bank will be $2,700,000. Bert L. Haskins, who at present is the cashier of the Phenix, will be the cashier of the new bank. The directors will be the present directors of the Chatham and a number of the present directors of the Phenix. The new bank will have its home in the Chatham's present location at the corner of John street and Broadway.

OFFICIAL CHANGES IN NEW YORK BANKS.

Joseph W. Harriman, a cousin of the late E. H. Harriman and a member of the firm of Harriman & Co., bankers, No. 11 Broadway, New York, has been elected president of the Night and Day Bank, at Fifth avenue and Forty-fourth street, which is to be known hereafter as the Harriman National Bank. Joseph W. Harriman is well known in the finanical world. He is vice-president and a director of the Merchants' National Bank of New York and a director in the Night and Day Safe Deposit Company and the Railroad Securities Company.

At the Liberty National Bank, George B. Case, Howard W. Maxwell and Charles W. Reichs were elected to succeed the late J. R. Maxwell, and George F. Baker and Frederick G. Bourne, who are retiring from some of their activities. The other directors were re-elected.

At the National Bank of Commerce, Francis H. McKnight was elected a director in place of George W. Young, retired.

At the Chatham National Bank, Frank S. Witherbee and Horace E. Andrews were added to the board.

The Battery Park National Bank stockholders have added to the board, Edward R. Carhart, president of the New York Produce Exchange.

W. A. Simonson, vice-president of the National City Bank, has been elected to succeed on the board of the Lincoln Na-

tional Bank the late C. C. Clarke, and E. L. Rossiter to succeed his late father, E. V. Rossiter.

At the Aetna National Bank the board of directors has been reduced from twenty to nineteeen by the retirement of H. Endemann and William Hills, and the election of E. V. Connelly, the cashier.

The Nassau National Bank of Brooklyn elected these officers: Thomas T. Barr, chairman of the board of directors; Edgar McDonald, president; Robert B. Woodward and Daniel V. B. Hegeman, vice-presidents. The directors appointed G. Foster Smith, cashier, and Henry P. Schoenberner and Andrew J. Ryder, assistant cashiers.

Stanley Field, of Marshall Field & Co. of Chicago, and Everett Alan, vice-president of the bank, were elected directors of the Mechanics and Metals National Bank.

The Fourth National Bank increased its board from eleven to fourteen. Samuel S. Campbell, vice-president, and Welding Ring of Mailler & Queraeu, ex-president of the Produce Exchange, were elected directors.

The Mercantile National Bank re-elected all its retiring directors except Warner Van Norden.

The Union Exchange National elected as directors, Byron L. Strassburger and George B. Connolly.

The First National Bank re-elected its former directors and officers, but named no successor in place of Thomas W. Lamont, who recently resigned as vice-president to enter the firm of J. P. Morgan & Co.

Eldridge Gerry Snow, president of the Home Insurance Company, was elected a director of the American Exchange National Bank.

All the directors of the Garfield National Bank were re-elected, and Robert J. Horner and Daniel F. McElroy added to the board, bringing the number of directors up to nine.

The Merchants' Exchange National Bank elected its retiring officers, adding G. H. Johnson, a former director, as a vice-president, and adding to the former board of directors Lorenzo Benedict.

At the National Park Bank the retiring directors were re-elected, with the addition of Edward C. Wallace. One more assistant cashier was elected in the person of Louis F. Sailer.

The Citizens' Central National Bank re-elected its officers and directors, omitting only Jacques Huber of last year's board of directors.

The retiring officers and directors of the Market and Fulton National Bank were re-elected and Lowell M. Palmer added to the directorate.

At the Second National Bank, C. Chauncey Stillman was elected to succeed Joseph S. Case on the board of directors, of which one member, Isaac Stern, died recently.

No change took place at the annual meetings of the National City, Seaboard National, Hanover National, Fifth National, Sherman National, New York County National, Irving National Exchange, Importers and Traders' National, Market and Fulton National, Gallatin National, National Reserve, First National, Merchants National, Chemical National and the National Butchers and Drovers' Banks.

At the German American Bank, Martin

J. Quinn was made a director in place of L. F. Domerich.

At the annual meeting of the Hungarian American Bank the stockholders voted to increase the capital and surplus from $300,000 to $1,000,000. At present the capital is $200,000. It developed at the meeting that more than seventy-five per cent. of the shares are now owned by the Central Credit Bank of Hungarian Financial Establishments, Ltd., of Budapest, and the Hungarian Commercial Bank of Budapest. The directors elected P. Robert G. Slostron, president; Eugene Boross, vice-president, and A. Howard Watson, cashier.

At the Plaza Bank, W. F. P. Hoffman and T. F. Victor were elected directors.

The Twenty-third Ward Bank elected John M. Haffen to fill a vacancy in the directorate and Charles T. Bogart was added to the board.

The Century Bank re-elected all its officers and directors except A. H. Dayton, vice-president, who retired. His place as a director was taken by Joel Rathbone.

In the State Bank, John Kneisel was elected a director.

The Fourteenth Street Bank re-elected its retiring officers and directors, substituting James W. De Graff, however, for Michael Blake of last year's board.

The New Netherland Bank re-elected its retiring board of directors, with the exception of Charles F. Osborne, and added as directors, Frederick Leidig and Frederick W. Stehr.

The Bank of the Metropolis elected H. E. Gibb a director to succeed the late John F. Huyler.

Kenneth K. McLauren was elected president of the Corporation Trust Company, succeeding Howard K. Wood, who resigned. Mr. Wood will devote his time to mercantile enterprises in Philadelphia.

The Nassau Bank, the Germania Bank, the West Side Bank, the Columbia Bank, the Bryant Park Bank and the Coney Island Bank, all State banks, made no changes in their directorates.

NEW PRESIDENT FOR CHASE NATIONAL OF NEW YORK.

Albert H. Wiggin, vice-president since 1904 of the Chase National Bank of New York and secretary of the clearing-house in

the trying days of the panic, was elected president of the Chase National Bank to succeed A. Barton Hepburn. His election does not mean the retirement of Mr. Hepburn from active work as head of affairs in the bank. A change in the by-laws was made by resolution of the directors, making Mr. Hepburn chairman of the board, with full executive powers. His new position is described fully in the resolution, which read:

Resolved, That A. Barton Hepburn be and he hereby is elected chairman of the board, and is authorized and empowered to manage the affairs and business of the bank as an executive officer, and is authorized to bind the bank by his acts and signature with the same effect as if he were president of the bank.

Mr. Hepburn is one of the most active of the workers in Wall Street. He is president of the clearing-house and of the Chamber of Commerce, and has been one of the dominant figures in banking and economic affairs for a number of years past.

Mr. Wiggin, being secretary of the clearing-house, was also an active member of its loan committee. It was on the loan committee that the chief burden of caring for the banking situation fell. His recognition in the affairs of Wall Street is shown by his connection with a number of the Street's chief banking institutions. Besides his place in the Chase National Bank, he is in the executive committees of the Bankers' Trust Company, Guaranty Trust Company, Astor Trust Company, Lawyers' Title Insurance & Trust Company and Union Exchange National Bank. When the affairs of the Westinghouse Electric & Manufacturing Company were to be straightened out following the receivership, the largest receivership brought about by the panic, Mr. Wiggin was one of the committee which framed the plan of reorganization. He is now a member of the executive committee of the corporation.

BOSTON BANK CHANGES.

There has been no change in the past year in the number of national banks in Boston. Dividend rates have been increased by the Shawmut, Rockland, Boylston and Commercial. The First National has increased its capital from $2,000,000 to $3,000,000.

As the result of consolidations, liquidations and failures during the last thirteen years the number of national banks in Boston has been reduced from fifty-seven to twenty-three. Today, on a capital of $23,800,000, the average dividend paid by the twenty-three banks is 8.7 per cent., as compared with 2.3 per cent. paid by the fifty-seven banks in 1898 on a capital of $49,650,000. Thus, while there has been a decrease of more than fifty per cent. in capital invested in thirteen years, the amount paid in dividends has increased sixty-six per cent., or over $825,000.

The distinction of being the oldest national bank president in Boston belongs to Norwood P. Hallowell, of the National Bank of Commerce, who will be seventy-three years old in February. Henry S. Grew of the National Union Bank, is the youngest his age being thirty-five.

The boards of directors elected at the meetings of the Merchants' and the Old Boston National Banks were without change from those of last year. Some minor changes were made in the directorates of several banks.

The board of the National Shawmut Bank now includes ex-Governor Eben S. Draper, who succeeds Horatio Newhall.

Charles L. Burrell resigned the presidency of the Paul Revere Trust Company and Edmund Billings was elected in his place.

Lloyd A. Frost has resigned as trust officer of the International Trust Company, having been elected secretary and director of the Shawmut Commercial Paper Company, 716 Old South Building, Boston. Mr. Frost assumed his new duties on January 2.

N. W. Harris & Company. announce
the incorporation of their New York Office
under the name of
Harris, Forbes & Company
and of their Boston Office under the name of
N. W. Harris & Company (Inc.)

All the present partners in N. W. Harris & Company will remain with and continue to control the two companies. There will be no change from the policies and methods which have actuated the firm since its formation in 1882.

Mr. Allen B. Forbes, the President of Harris, Forbes & Company. has been the managing partner of N. W. Harris & Company, New York, for the past ten years and has been associated with N. W. Harris & Company. in an important capacity for twenty years.

New York City.
January, 14, 1911.

This notice is self-explanatory. It indicates a broadening of the firm's field of operations Other former resident partners who have been connected with the firm for many years, are: Arthur M. Harris, Lloyd W. Smith, Everett B. Sweezy and Charles W. Beall

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CHICAGO BANK MEETINGS.

At the annual meeting of stockholders of the Illinois Trust & Savings Bank, John J. Mitchell, the president, reported that the earnings of the institution in 1910 were nearly $1,700,000, or thirty-four per cent. on the $5,00,000 capital stock. Mr. Mitchell reported also that there had been no losses during the year and that there were no overdue loans at the end of the year. The deposits on December 31 were about $90,000,000, an increase of about $5,000,000 during the year.

The stockholders re-elected the retiring directors without change for the ensuing year.

At the annual meeting of stockholders of the Northwestern Trust Company the retiring directors were re-elected for the ensuing year. The board includes A. C. Bartlett, William A. Fuller, Ernest A. Hamill, Marvin Hughitt, Charles L. Hutchinson, Martin A. Ryerson, A. A. Sprague, Solomon A. Smith and Byron L. Smith.

Directors of the Merchants' Loan & Trust Company re-elected the retiring officers for the year.

The new officers elected at the National City Bank were Walter G. McLaury, assistant cashier, and M. K. Baker, assistant manager of the bond department. The new directors chosen were Richard C. Hall,

president of the Duck Brand Company; Clayton Mark, vice-president of the National Malleable Castings Company, and R. U. Lansing, manager of the National City bond department.

Vice-President Rathje of People's Stock Yard Bank will assume the presidency of the new City Trust about April 1. The People's Stock Yard State Bank and Farwell Trust Company re-elected officers and directors.

Edward Cudahy was elected a director, to fill the vacancy in the Continental & Commercial National Bank, caused by the death of Michael Cudahy; and Robert J. Dunham was elected to the board to fill another vacancy. Henry Botsford, George E. Roberts and William C. Seipp resigned from the board. All officers were re-elected, with the exception of Chairman Potter, who resigned, and that office was abolished.

Officers and directors of the Corn Exchange National and the Drovers Deposit National Banks were re-elected. The Corn Exchange National earned last year $930,000, or thirty-one per cent. on its $3,000,000 capital.

Charles H. Morse succeeds the late John H. Barker on First National board and First Trust Co. also.

C. Hollenbach was elected vice-president of the West Side Trust Company, to succeed Edward Morris, who becomes chairman of the board.

Union Trust directorate now has ten members, instead of nine, as heretofore. Two of the three new directors elected succeed B. Frank Lawrence and H. A. Blair.

Lasalle Street National Bank annual meeting postponed until February 7.

Fort Dearborn National, Monroe National and State Bank re-elected their old officers and directors.

The National Bank of the Republic has added $300,000 to its surplus fund. This raises the surplus to $1,000,000. The bank's $2,000,000 capital stock has a book value of about $162 a share.

PHILADELPHIA BANKS HOLD ANNUAL MEETINGS.

At the Corn Exchange National Bank election, the membership of the board was increased by two, Howard Reifsnyder, of the wool firm of I. Reifsnyder Son & Co., and George W. B. Roberts, of Thomas

Roberts & Co., being the two new members. Otherwise the board is the same as before.

Fourth Street National Bank directors were re-elected; T. Coleman du Point, who was recently appointed to a vacancy, was elected for a full term.

The Franklin National Bank, First National Bank, Bank of North America, Philadelphia National Bank and Central National Bank made no changes in their directorates.

Benjamin Rowland declined re-election as president of the Second National Bank, owing to his advanced years, and Vice-President Charles W. Lee was elected president, and John E. Gossling was promoted to cashier.

The Tradesmen's National Bank added two members to its board, which now numbers fourteen, the new members being Powell Evans and H. D. McCarthy. A new office, that of assistant cashier, was created at the Textile National Bank, and C. C. Mann was elected to that position. Nearly a score of other banks and a few trust companies made no changes in their directorates.

Stockholders of the Merchants Trust Company and of the Union Trust Company confirmed the action of their directors in merging these two institutions. All the property rights, franchises and privileges by law vested in either of the banks were transferred and vested in the new consolidated institution, the Merchants' Union Trust Company.

CHANGES IN PITTSBURGH BANKS.

At a meeting of the board of directors of the Exchange National, James P. McKelvey was elected first assistant cashier, to take the place made vacant by the death of Samuel N. Kreider. P. D. Beatty was elected second assistant cashier and Frank M. Polliard was elected manager of the new business department.

The Union Trust Company has added $1,000,000 to its surplus, which now stands at $27,500,000. This, with its capital of $1,500,000, gives a total of capital and surplus of $29,000,000. The company during the year 1910 paid regular quarterly dividends of fifteen per cent. and an extra Christmas dividend of six per cent.

At the annual election of the Pittsburgh Stock Exchange the following were chosen to serve for 1911: President, John B. Barbour, Jr.; vice-president, B. Preston Schoyer; treasurer, John M. Askin; directors, Sanford B. Evans, E. C. H. Schmidt and G. C. Kuhn; arbitration committee, J. P. Mahan, E. Fink, A. A. Lappe, W. H. Campbell and W. H. Siviter.

The Union National Bank has appointed W. P. Barker an additional assistant cashier. Mr. Barker has been in the employ of the bank for twenty-seven years, twenty years of that time in the position of teller.

WILLIAM MCK. REED
PRESIDENT FIRST NATIONAL BANK OF PITTSBURGH

Directors of the Third National Bank have elected William McK. Reed, who has been for several years an assistant cashier of the First National Bank of Pittsburgh, to the presidency of their institution. Mr. Reed's career began nineteen years ago and through his own efforts he has worked up to the responsible position conferred upon him.

Directors of the First National Bank of Pittsburgh have elected as assistant cashier,

William F. Benkiser, to succeed William McKennan Reed, resigned. Mr. Benkiser has had many years' experience in banking in Pittsburgh as the head of the First National Bank's foreign and steamship departments. He will continue to be the manager of these departments.

The directors of the German National Bank of Pittsburgh elected E. H. Meyers, Jr., as second vice-president. Thomas Lynch, president of the H. C. Frick Coke Company, and Henry R. Rea have been chosen to fill vacancies on the board of directors of the Mellon National Bank. No successor was chosen to C. E. Schumeller as director of the Diamond Savings Bank.

The growth of the Lincoln National Bank has led the management to enlarge its staff by the addition of an assistant cashier, for which position Robert S. George has been chosen. Mr. George was for three years assistant national bank examiner in the Pittsburgh district, from which position he resigned to become treasurer of the Washington Investment Company, a municipal bond house.

ILLINOIS CENTRAL RAILROAD COMPANY ELECTS NEW PRESIDENT.

Charles H. Markham, formerly vice-president and general traffic manager of the Southern Pacific Railroad, has been elected president of the Illinois Central Railroad. He has been out of railway service since 1904, when he left the Southern Pacific to become general manager of the Guffey Petroleum Company at Beaumont, Texas. Up to that time he had been in the railroad business since 1881, when he began his career as a section laborer on the Sante Fe. His advancement was rapid and by 1897 he was general freight agent of the Oregon lines of the Southern Pacific. He was vice-president of the Southern Pacific when he engaged in the oil business. Mr. Markham will take up his residence in Chicago.

BALTIMORE BANK ELECTIONS.

Stockholders of the Farmers and Merchants have elected five new directors as follows, bringing the board up to fifteen: William Lanahan, Charles H. Dickey, Asa G. Candler, William G. Scarlett and John E. Marshall.

At the National Mechanics the following six were added, making the board eighteen: Summerfield Baldwin, Jr., Jere H. Wheelwright, David Hutzler, Samuel C. Rowland, Frank Q. Brown, New York, and E. W. Lane, Jacksonville, Fla.

The bank also amended its articles of agreement so as to permit of twenty-five

CHARLES H. MARKHAM

NEWLY ELECTED PRESIDENT ILLINOIS CENTRAL RAILROAD COMPANY

directors, should it ever be thought desirable to increase to that number. As amended, the bank is now required to have not less than five, nor more than twenty-five directors. An amendment was also adopted empowering the board to select one or more vice-presidents, who need not be board members. Some action along this line may be taken later in the year, as President John B. Ramsay has in view an extension of the bank's business.

At the Bank of Baltimore the board chosen when it was taken over by the Third National was re-elected. The stockholders

will meet again January 25 to vote on a change in the by-laws permitting an increase in the board to twenty-five. The full board of the Third National will then be added, together with some new interests, both local and out of town, which the management has in view. It is expected on that date that the full twenty-five will be chosen.

At the First National the two vacancies in the board were not filled. Messrs. Joseph Friedenwald of Baltimore and James T. Woodward of New York, who were on this board, died in the past year.

At the Citizens' National, Henry G. Hilken takes the place of the late J. H. Judick.

Six new directors were elected at the annual meeting of stockholders of the Continental Trust Company, two of whom filled the vacancies caused by the deaths of Frederick W. Feldner and Daniel E. Conklin. The following new directors were elected: James A. Blair, Jr., of the New York banking house of Blair & Co.; Asa G. Candler, president of the Central Bank & Trust Corporation and director in other institutions in the South, Atlanta, Ga.; J. Hough Cottman, of J. Hough Cottman & Co., merchandise brokers, Baltimore; Charles C. Macgill, president of the C. A. Gambrill Manufacturing Company, Baltimore; Benjamin W. Corkran, Jr., president of the Street & Corkran Company, Inc., Baltimore; Daniel C. Ammidon, president and treasurer of Daniel C. Ammidon & Co., Baltimore.

After the stockholders' meeting the new board met for organization and elected the following executive committee: William H. Graffin, J. H. Wheelwright, George Cator, F. A. Furst and John M. Dennis.

The following officers were elected: S. Davies Warfield, president; Thomas H. Hulings, vice-president; William J. Casey, vice-president; F. C. Dryer, treasurer; M. H. Grape, assistant treasurer; H. A. Beasley, secretary, and R. H. Cox, trust officer.

TWO IMPORTANT CHANGES IN HOUSTON BANKS.

A. S Vandervoort has resigned as cashier of the Lumbermans National and will go to Chicago. He continues as a director. Lynn P. Talley of Dallas was elected to succeed Mr. Vandervoort. He will leave the City National in Dallas about February 1. Three new directors were elected at the Lumbermans, Lynch Davidson, J. J. Flynn and Lyman P. Talley, making a total of twenty directors.

At the South Texas, Henry Brashear retired as vice-president, and B. D. Harris, cashier, was advanced to active vice-president and cashier. Mr. Harris' advance at the South Texas is to allow former active Vice-President J. E. McAshan to devote more time to his personal interests. Mr. Harris came to the South Texas from Dallas three years ago, when he was elected cashier to succeed Mr. McAshan.

Three new assistant cashiers were also elected at the South Texas—August De Zavalla, Paul Taylor and R. H. Hanna, Jr.

A change was made in the directorate, R. L. Blaffer succeeding A. Breyer.

At the Union National Bank, George Hanman was elected to fill a vacancy on the directorate. The other officers and directors were re-elected.

No change was made in officers or directors in the Houston National Exchange Bank, all being re-elected.

No change followed the election at the First National Bank, all being re-elected.

All officers and directors were re-elected at the Commercial National.

NEW CASHIER FOR HOUSTON BANK

John W. McGuire of New York City has removed to Houston, Texas, and accepted the appointment of cashier of the newly-formed and already successful Tinker Bank & Trust Company, taking charge of the trust company end of the business. Mr. McGuire was formerly in the brokerage and real estate business and won much dis-

JOHN W. McGUIRE
CASHIER TINKER BANK & TRUST COMPANY, HOUSTON, TEXAS

tinction in that line in New York and elsewhere.

Prior to removing to Houston, he was actively identified with the El Mora Land Company, Realty Syndicate anl the firm of Adrian & McGuire, well-known New York real estate owners and operators. Mr. McGuire is a young man of energy and ability, representing a host of well-to-do connections throughout the East, and it is hoped through his co-operation and wide experience a large and healthy growth in the business of the Tinker Bank & Trust Company of Houston will follow.

At the end of the first thirty days of business the new Tinker institution reports deposits of $108,324.77 and the consummation of over $200,000 of business through their investment department. H. N. Tinker, former president of the Bankers Trust Company and active vice-president of the Union National Bank of Houston, is at the head, as president, and the directing figure.

TOTAL AMOUNT OF EXCHANGES OF THE SEVERAL MEMBERS OF THE PITTSBURGH CLEARING HOUSE ASSOCIATION, FOR THE YEAR 1910.

1	Mellon National Bank.....	$527,244,965.64
2	Bank of Pittsburgh N. A...	302,063,302.14
3	Farmers Deposit Nat. Bank	267,645,163.16
4	Second National Bank	242,283,890.47
5	First National Bank........	235,897,892.05
6	Peoples National Bank.....	179,718,703.25
7	Columbia National Bank ..	118,007,459.37
8	Union National Bank	91,679,621.93
9	Diamond National Bank ...	85,765,708.36
10	Monongahela National Bank	75,607,779.36
11	Nat. Bank of Western Pa.	60,978,008.40
12	Keystone National Bank ..	58,864,563.65
13	German National Bank....	58,687,418.63
14	Commercial National Bank	57,001,325.66
15	Lincoln National Bank....	56,840,339.12
16	Federal National Bank....	55,774,063.97
17	Duquesne National Bank...	54,243,482.21
18	Exchange National Bank...	36,727,659.37
19	First Nat. Bk. of Allegheny	12,884,101.91
20	Third National Bank	9,410,335.99
		$2,587,325,784.64

NEW BANKING HOUSE FOR NEW YORK.

The rapid strides made by Central and South American countries since the United States acquired the Canal Zone and made the Panama Canal become an assured factor, has called the attention of American investors to this exceedingly rich territory, and a carefully acquired knowledge brings the somewhat astonishing information that English and German syndicates have been quietly absorbing the investments in these wealthy lands, the return in many instances being enormous.

No one is better qualified to speak on these lines, perhaps, than Henry C. Niese, formerly on the staff of G. Amsinck & Co., in the Venezuela department, who was induced to leave that firm and associate himself with the National Bank of Cuba, upon being convinced that his field of opportunity would be largely augmented.

To thoroughly familiarize himself with Cuban finanical questions, Mr. Niese sailed for Havana and entered the main office of the National Bank of Cuba and worked for two years as assistant cashier, during which time he visited the branches of the bank throughout the island and became personally acquainted with the bank's clients and with the general conditions of the country.

Three years ago, Mr. Niese returned to New York and opened the agency for the Bank of Cuba, and since that time over $60,000,000 has passed through his hands, and so great is the bank's confidence in him that he has never been required to give a bond, and his executive ability has been amply demonstrated by the volume of business now passing through the New York agency of the bank.

Thoroughly equipped, Mr. Niese has now formed a co-partnership under the firm name of H. C. Niese & Co., with offices in the Broad Exchange Building, 25 Broad street, New York, where the firm will transact a general business in stocks and bonds, with a department especially devoted to South American securities of exceptional merit.

Samuel M. Jarvis, vice-president of the National Bank of Cuba, is a special partner of the new firm.

FIRST ANNUAL MEETING MERCANTILE NATIONAL BANK OF SAN FRANCISCO.

This institution was organized March 5, 1910, to take over the banking business of the Mercantile Trust Company of San Francisco. During the year dividend No. 1, amounting to $50,000, was paid. The capital of the Mercantile Trust Company (which is owned by stockholders of the Mercantile National Bank) is $1,000,000 additional to the $3,000,000 of capital and surplus reported by the national institution. Officers and directors were re-elected.

CROCKER NATIONAL BANK OF SAN FRANCISCO STRENGTHENS FOREIGN DEPARTMENT.

John Clausen, who last fall received the appointment as manager of the foreign department of this institution, is thirty-three years of age and received his early education in Copenhagen, Denmark. Fourteen years ago he took up the profession of banking, accepting a position with the North American Trust Company of New York, with which institution he was also connected in Cuba. When the North American was absorbed by the National Bank of Cuba, Mr. Clausen remained there and served in the capacity of cashier and manager of some of the larger branches. In 1906 he accepted a position with the International Banking Corporation as assistant manager of their branch in Mexico City. Prior to his acceptance of a berth with the

JOHN CLAUSEN

MANAGER FOREIGN DEPARTMENT CROCKER NATIONAL BANK OF SAN FRANCISCO

Crocker National he served as manager of the foreign department of the Mexico City Banking Company, S. A., of Mexico City. According to a late report from the Crocker National Bank, business has been exceptionally good. Deposits are well above twenty millions of dollars.

THE MERCHANTS TRUST COMPANY, WATERBURY, CONN.

This institution has been organized under the laws of the State of Connecticut with a capitalization of $100,000. It was opened for business November 28, 1910, and

has enjoyed phenomenal success from that day to this. A savings department has been opened and it is believed that this will be an important factor in the welfare of

J. C. Smith

PRESIDENT MERCHANTS TRUST COMPANY, WATERBURY, CONN.

the company. The banking offices are fitted in excellent shape, special pains having been taken to make the convenience of depositors the first consideration.

James E. Smith, the president and one of the incorporators of the Merchants Trust Company, was born in New York in 1864 and removed to Haddam, Conn., when six years old. He graduated from the Hartford Business College in 1884, and then entered the employ of the Hartford Silver Plate Company, but resigned from that position on February 1, 1889, and entered the employ of one of the leading lumber companies of Waterbury. On June 1, 1897, he founded the firm of J. E. Smith & Co., dealers in lumber and builders' supplies, which was incorporated in 1904 under the laws of the State of Connecticut. This concern, under the direction of Mr. Smith, as treasurer and general manager, has rapidly come to the front and now occupies an assured position as one of the leading houses in its line in the State. Mr. Smith's reputation for integrity and fair dealing has firmly established him in the confidence of the community, and this, coupled with his wide experience in business affairs and his genial disposition, should prove of invaluable assistance in promoting the welfare of the Merchants Trust Company.

Henry Weyand, vice-president of the Merchants Trust Company, is president and treasurer of the Henry Weyand Co., Inc., manufacturers of fireproof windows, skylights, etc., and contractors for sheet metal work and iron construction. He located in the city of Waterbury twenty-two years ago and immediately started in the plumbing business. Since that time, by shrewdness and close application to business, he has worked up an excellent trade and to-day has one of the largest and most successful establishments of its kind in the State of Connecticut. He has made his own way in the world and has the respect of all who know him.

John E. Bulger, secretary-treasurer of the Merchants Trust Company, Waterbury, Conn., was born in the town of Cobourg,

Henry Weyand

VICE-PRESIDENT MERCHANTS TRUST COMPANY, WATERBURY, CONN.

Ontario, Canada, September 14, 1878, of Irish-American parents.

In 1898 he entered the Ontario Business College of Belleville, Ontario, where he took up a course in business training, graduating the same year. After graduating he ac-

cepted a position as bookkeeper with Messrs. Dick, Ridout & Co., manufacturers of woolen goods and cotton and jute bagging, which position he resigned in December, 1901, to come to the United States.

In March, 1902, he entered the employ of the New Amsterdam National Bank, New York City, as assistant bookkeeper, working in the different departments and eventually working himself up to the position of credit

JOHN E. BULGER
SECRETARY AND TREASURER MERCHANTS TRUST COMPANY, WATERBURY, CONN.

man. In November, 1907, he resigned his position at the New Amsterdam National Bank to accept a similar one with the Commercial Trust Company of New York. In November, 1910, he resigned his position at the Commercial Trust Company to accept the office of secretary-treasurer of the Merchants Trust Company of Waterbury, Conn.

While with the Commercial Trust Company he represented that institution in the New York Credit Men's Association. While a member of the Credit Men's Association he advocated the advisability of establishing a code system for the use of members of the association in the interchange of confidential credit information by telephone and telegraph, and worked out a most comprehensible plan for its adoption. The association, realizing the advantages of the suggestion, decided to adopt the plan and appointed a committee, of which Mr. Bulger was selected as chairman, to make arrangements for the putting into practical use of the code system. On account of his removal to Waterbury, Conn., Mr. Bulger decided that it would be inconvenient, both for himself as well as for the other members of the committee, to act in the capacity of chairman and resigned the honor, much to the regret of the association.

LATER ELECTIONS IN NEW YORK BANKS.

The directors of the Corn Exchange Bank of New York elected William A. Nash chairman of the board at their meeting January 18, following the annual meeting of the stockholders on January 10, and Vice-President Walter E. Frew was promoted to the presidency. Mr. Nash served as president for twenty-eight years. He now gives up that title to become chairman, in which post he will continue to take an active part in the direction of the bank's affairs. Under his guidance the Corn Exchange has given special attention to branch banking in New York City and has established itself in a conspicuous position among the large and powerful banking institutions there.

Mr. Frew, the new president, has from

time to time, in the absence of Mr. Nash, been in actual charge of the affairs of the bank, and he is regarded as among the most prominent of the group of younger bankers who have come forward during the last few years and who were brought into places of particular prominence in the financial disturbances of 1907. At that time he served as a member of the clearing-house loan committee, which had to pass upon the collateral offered as security for certificates which were used to relieve the financial strain. He also did other important work.

Mr. Nash at that time was acting chairman of the clearing-house committee. The place of vice-president, made vacant by the promotion of Mr. Frew, was filled by the election of William H. Nichols.

Another of the expected promotions among the city's financial institutions was announced by the Mercantile Trust Company, who have elected William Clark Poillon president. The company had been without a president since 1907 and Mr. Poillon, as vice-president, had been the chief executive. Mr. Poillon was born in New York in 1872 and was educated at private and public schools and at the College of the City of New York. He entered the service of the Mercantile Trust Company in October, 1889, became assistant treasurer in 1895, and in 1901, treasurer. He was elected vice-president in January, 1904.

GENERAL NEWS NOTES

Personal and Otherwise.

—B. F. Edwards, president of the National Bank of Commerce, in St. Louis, has been elected president of the Bankers' Club, which has an enrollment of ninety-two members. Besides officers of banks which are members of the St. Louis Clearing-House Association and one representative, not below the position of cashier, secretary or treasurer, from each bank or trust company clearing through members of the clearing-house, the assistant treasurer of the United States, national bank examiner, the State bank commissioner, manager and examiner of the clearing-house are members. The meetings will be held on the third Tuesday of December, February, April and October. The other officers elected with Mr. Edwards were: Breckinridge Jones, president of the Mississippi Valley Trust Company, first vice-president; Edward S. Whitaker, president of the Boatmen's Bank, second vice-president; W. W. Hoxton, manager of the clearing-house, secretary, and A. O. Wilson, vice-president of the State National, treasurer. These constitute the members of the executive committee, with George T. Riddle, vice-president of the Franklin Bank, and H. D. Sexton, president of the Southern Illinois National.

—D. B. Shields has been elected president of the Gold Standard National Bank, Marionville, Pa., vice H. S. Keck.

—The Quarryville National Bank, Quarryville, Pa., has elected G. W. Hensel, Jr., president, to take the place of Frank W. Helm.

—Directors of the American National Bank of Chattanooga have wound up their affairs and the bank's entire business has been turned over to the First National Bank of Chattanooga. Z. C. Patten, Jr., was elected president of the American to succeed H. S. Probasco, and George Lancaster was elected vice-president, to succeed Z. C. Patten.

The consolidated institution, whose resources amount to about $1,000,000, sent out the following letter:

With reference to the statement of Messrs. Probasco and others, herewith enclosed, you will note that the business of the American National Bank will be transferred to us at the close of business this day, among which is your account.

We trust that we shall be favored with a continuation of this account, which we

will very much appreciate. It will be our purpose to handle any business that you may entrust to us in, we hope, a mutually satisfactory manner. We have ample facilities for so doing.

We shall increase our capital in an amount equal to that of the American National Bank, i. e., $250,000, which, together with our present capital of $500,000 and our surplus of $250,000, gives our institution a capital and surplus of $1,000,000.

Respectfully,

FIRST NATIONAL BANK.

C. A. LYERLY, President.

The First National Bank already has commodious quarters on Broad street, but it is announced that in view of the increased force and expected increase in business, a gallery will be constructed in the rear of the bank, just over the savings department. This gallery will extend out over the savings department to the pillars just in front. Whether it will be used for bookkeepers or directors has not yet been determined, but it is probable that the directors will hold their meetings in the new gallery, while the bookkeepers will be located in the old directors' room.

—Directors of the National State Bank of Troy, N. Y., have elected Julius S. Hawley, president; R. Edson Starks, vice-president, and Henry Colvin, cashier.

—To meet the needs of increasing business, as well as to furnish banking facilities to the inhabitants of Hunt's Point section of the Borough of the Bronx, New York City, which is largely residential as well as manufacturing, the Westchester Avenue Bank began business on October 24, 1910, in a recently completed structure of the American Real Estate Company, situated at the intersection of Southern Boulevard and Westchester avenue. The bank has a capital of $100,000 and a subscribed surplus of $50,000. At the end of its first five weeks of existence its deposits amounted to over $87,000, showing that the establishment of a banking institution in this neighborhood is required and is appreciated. The president of the bank is John Tatlock, formerly and for many years an officer of the Mutual Life Insurance Company, and later president of the Washington Life Insurance Company, which he rescued from a state of bankruptcy and reorganized into a sound institution. Warren L. Green, president of the American Bank Note Company, is vice-president of the bank, and the cashier is F. D. Pitkin, formerly loan clerk of the Merchants National Bank.

The directorate also includes Z. S. Freeman, vice-president of the Liberty National Bank; C. L. Lee, treasurer of the American Bank Note Company; Frank A. Spencer, an active resident of the Hunt's Point section and secretary of the Municipal Civil Service Commission, and Julius Schwartz, also a local resident and a member of Schwartz & Jaffee, prominent as manufacturers in the clothing business at 568 Broadway, New York City.

—Charles E. Arnold, second vice-president of the Wisconsin National Bank of Milwaukee, has resigned. Mr. Arnold has been connected with the bank as assistant cashier, cashier and later as second vice-president, during a term of eighteen years. He refuses to discuss his plans for the future. Mr. Arnold's resignation went into effect January 1.

—The Merchants National of Lawrence and the Lawrence National, of Lawrence, Mass., through their boards of directors, at a recent meeting, voted unanimously to consolidate the two institutions by placing each one in liquidation and then organizing as a trust company, to be known as the Merchants Trust Company of Lawrence. It will have a capital of $500,000, of which $250,000 will be paid in at the start. At the present time the officers of the new company have not been decided upon.

The Lawrence National was organized nearly thirty-nine years ago with a capital of $300,000. Its surplus is $100,000. The officers are: President, Henry K. Webster;

vice-president, Edmund Bicknell; cashier, Henry L. Sherman.

The Merchants National was organized in 1888 with a capital of $100,000. It now has a surplus of about $300,000 and deposits of nearly $1,000,000. The officers are as follows: President, James R. Simpson; vice-president, F. C. McDuffie; cashier, J. A. Perkins.

The last sale of the stock of the Lawrence National was about $112 per share. It pays dividends at the rate of $6 per share. The last sale of the Merchants National was about $300 per share. It pays dividends at the rate of $12 per share.

—Spokane chapter, of the American Institute of Banking, entertained forty couples at a dancing party in the Hall of the Doges, the evening of December 27. The assembly room was decorated with red and green, done with poinsettias, and with quantities of foliage banking the balconies and the pillars. Julian O. Tiffany, Arthur S. Blum and Charles A. Ham had charge of the arrangements.

—At a meeting of the directors of the International Banking Corporation, Edwin Hawley was elected a vice-president, and H. T. S. Green, general manager. Mr. Green was for many years in the service of the Hong Kong & Shanghai Banking Corporation and later with the London, Paris & American Bank of San Francisco.

—The Twin City Bankers' Club has elected officers for the ensuing year as follows: F. A. Chamberlain, of the Security National of Minneapolis, president; E. H. Bailey, of the First National of St. Paul, vice-president; George F. Orde, of the First National of Minneapolis, secretary and treasurer.

—The First National Bank of Boston, during the past decade, shows the largest percentage of increase in deposits of any bank in the United States, and although this increase is primarily due to the consolidation of several banks, the deposits, since the consolidations were effected some years ago, have increased by leaps and bounds from $35,000,000 to $65,000,000. During the past year the increase has been more than $2,500,000—this amount alone equalling the total deposits of the First National of ten years ago.

—L. E. Wakefield has resigned as assistant cashier of the Northwestern National, of Minneapolis, to take a position with the bond firm of the Wells & Dickey Co.

—H. M. Byllesby & Co. of Chicago has acquired control of a number of additional public utility properties in California, including two important water power developments and several water power sites not yet developed. The principal local plants purchased consist of the electric and gas properties formerly owned by the Stockton Gas & Electric Corporation, at Stockton; the electric light and power business at Richmond and the gas and electric properties at Eureka. The American River Electric Company, which owns a large hydro-electric plant on the American River in Eldorado County, California, and maintains a reserve steam turbine plant at Stockton, is included in the transaction. The Humboldt Gas & Electric Company, operating at Eureka, possesses a considerable water power development in Trinity County, transmitting current to Eureka, sixty-five miles distant. The American River Electric Company's business includes service to Stockton, Placerville, Florin, Elk Grove, Sheldon, Gault, Lodi and Plymouth, by means of long distance transmission lines, which are also extensively utilized for supplying power for gold mining and irrigation purposes. The Humboldt electric business includes service to the towns of Arcata, Alton, Ferndale, Fields Landing, Fortune, Hydesville, Loleta and Rohnersville.

Eureka and surrounding towns have a population of 22,000. They are located on Humboldt Bay, which affords one of the few good harbors on the Pacific coast. Back of the city lies an immense area of redwood

forests. Eureka will soon be connected with San Francisco by a railroad line now under construction. Stockton, with suburbs, has a population of 30,000, is one of the oldest cities in California, and is a manufacturing center of importance. Richmond, a newer town of 12,000 people, lies on San Francisco Bay. south of Berkeley. It also is a manufacturing center and is the location of large new shops being built by the Pullman Car Company. All three cities have shown wonderful recent growth. A new company, known as the Western States Gas & Electric Company, has been formed to hold the stock of the properties described.

—According to the forty-seventh annual statement of the First National Bank of Chicago and the seventh annual statement of the First Trust & Savings Bank of Chicago, these two affiliated institutions earned for the year eleven and one-third per cent. on their aggregate capital. The net profits for the year of the First National Bank were $1,823,172.27, which, after paying the usual dividends, added $683,172.27 to profit and loss account, increasing same to $925,-077.15. The net profits for the year of the First Trust & Savings Bank were $940,604.-63, which, after paying the usual dividends, added $560,604.63 to profit and loss account, increasing it to $1,150,229.61, from which the directors have transferred $500,000 to capital account and $500,000 to surplus account during the year, leaving a balance to be carried forward of $150,229.61.

—C. F. McGrew has been elected president of the Live Stock National Bank of South Omaha, Neb. The bank's capital and surplus will be increased to $180,000.

—James B. Brown has resigned as president of the First National Bank of Louisville, Ky., and has accepted the vice-presidency of the Bank of Commerce in Louisville. His resignation went into effect on January 10. It had been expected he would resign since the sale of the First National Bank to the Kentucky Title Bank & Trust Company. Embry L. Swearingen, president of the latter institution, has been made chairman of the board of directors of the First National.

While the title of his position with the Bank of Commerce is that of vice-president, Mr. Brown will be active in the management and will relieve Samuel Casseday, the president of the institution, of a considerable portion of this duties and responsibility.

—Last year the American Trust & Savings Bank of Birmingham, Ala., earned twenty-two per cent. on its capital of $200,-000, thereby establishing quite a record.

—George W. Hunter, one of the best known young bank officers of Pittsburgh, who has been assistant treasurer at the Franklin Savings & Trust Company, has resigned to become vice-president of the Zenopah State Bank of Zenopah, Okla. At the annual meeting of the Franklin Savings & Trust, the former officers and directors were re-elected, with the exception of Mr. Hunter, the officers being: George S. Ward, president; F. J. Kress, A. C. Canfield and Thos. Ward, vice-presidents; J. M. Stoner, Jr., secretary and treasurer. The force at the Franklin is increased by the addition of J. F. McCarthy and Charles Bordolph.

—Texas bankers are preparing for the annual district meetings of their State association, which will be held in February. The State is divided into seven districts and the meetings are scheduled as follows: February 11, in Dallas; February 12, in Hillsboro; February 14, in Austin; February 15, in San Antonio; February 17, in Houston; February 20, in Brady; February 22, in Forth Worth. These district conventions are always largely attended and many topics of interest to bankers are discussed.

Following the meeting at Forth Worth, a delegation of Houston bankers will board a special train and will spend three days in making a tour of the extreme southern portion of the State in the newly developed territory along the Rio Grande River. The trip is planned merely as a social call and for the purpose of more closely cementing the financial relations existing between Houston and the Brownsville section.

—An unique statement comes from the Fulton Trust Company of New York. It is a schedule of the company's investments, setting forth their names, the amount held, book value, market price and market value. At the January meeting of the board of trustees Charles M. Van Kleeck the assistant secretary was elected secretary. He has been connected with the company for eighteen years and his promotion had been fairly earned.

—A new trust company, which has been named the Willimantic Trust Company, has been organized and opened for business in Willimantic, Conn. It has a paid-in capital of $50,000 and a paid-in surplus of twelve and one-half per cent. Fred D. Jordan is president; Hosea Mann, the vice-president, and Philip S. Hills, the secretary and treasurer. The directorate is made up of the following: Fred D. Jordan, Frank A. Rockwood, William H. Hall, Chas. Alpaugh, Capt. Chas. Fenton, Lewellyn J. Storrs and Henry A. Woodward.

—John W. James, Jr., has become associated with the New York bond and investment house of E. Bunge and Company.

—Announcement is made that the Wachovia National and the Wachovia Loan & Trust Company of Winston-Salem, N. C.,

have consolidated, with a capital of $1,250,000 and surplus of $300,000. The officers are: F. H. Fries, president; James A. Gray, vice-president; Henry F. Schaffner, treasurer, and James A. Gray, Jr., secretary.

—In a New Year's greeting to its friends and customers, the Citizens & Southern Bank of Savannah, Ga., calls attention to the growth of its deposits dating from January 7, 1909, to January 7, 1911. According to the president, Mills B. Lane, this growth is directly traceable to the conveniences and comforts of the bank's new home, which was occupied just two years ago. A goodly share of this creditable showing should be accredited to the well-known, able and efficient management and the courteous treatment received by all the patrons of the bank. On the first mentioned date deposits totaled $5,783,204 and the resources amounted to $7,223,981. At the present time the Citizens & Southern has deposits of $7,729,049, total resources of $9,313,738. Special attention is called to the fact that the bank has now more than five hundred correspondents throughout the State of Georgia and adjoining states.

CANADIAN NOTES

—Net profits of the Bank of Ottawa for the year ended November 30, 1910, after deducting expenses of management and making necessary provision for interest due to depositors, unearned interest on current loans and for all bad and doubtful debts and contingencies, amounted to $532,353, which is equal to 15.21 per cent. on the paid-up capital of the bank.

The report shows that $360,335 have been paid out in dividends to shareholders. The sum of $100,000 has been applied to the reduction of bank premises, while $10,000 has been transferred to the pension fund. The splendid amount of $400,000 has been carried to rest account.

Under liabilities, notes in circulation are given at $3,472,000, which is high, being close on the capital.

Deposits bearing interest will not amount to $32,418,445. The capital paid up is $3,500,000, and a strong feature is the rest fund, which now amounts to $3,900,000.

Under the asset column, call and short loans on stocks and bonds in Canada show $1,606,419. Call and short loans on stocks and bonds elsewhere than in Canada are given at $452,035. Current loans in Canada total $28,421,278, while current loans elsewhere than in Canada are put down at $278,766, of which nearly $14,000,000 are cash assets, easily realizable.

—The absorption by the Royal Bank of the Union Bank of Halifax explains the increases in deposits and the other large items of the Royal's annual statement. The net profits for the year ending December 31, 1910, total $951,336, equal to 18.29 per cent. on the paid-up capital.

One of the features of the statement is the increases in the amount of the assets of the bank, represented by specie and Dominion Government notes, the gold and silver coin now standing at $4,141,664, while Dominion Government notes now total $8,530,488, against $4,993,532 at the end of 1909.

The aggregate assets stand at $92,510,346. Of this amount, $52,471,208 are represented in current loans and discounts. The increase in current loans has been rendered possible by the growth of deposits, these now totaling $72,079,607.

An issue of new stock made during the year was responsible for an increase both in the paid-up capital and in the reserve fund, the capital now standing at $6,200,000.

The reserve fund made a further advance from $5,700,000 to $7,000,000, the sum of $1,200,000 of this increase being from premium on new stock and $100,000 being transferred from profit and loss account.

—Profits of the Bank of Toronto for the year ended November 30 amount, as dis-

closed by the annual statement, to $589,656, slightly over $10,000 more than last year, which were about three thousand below the year previous. Out of this the usual deductions have been made, although there has been no further change in rest, which stands at $4,750,000. On the capital of four millions the earnings amount to 14.74 per cent., as against 14.48 last year, while on capital and rest combined they are 6.74 per cent.

During the year assets have increased by roughly $2,500,000, bringing the bank over the fifty million mark. Almost all of the gain has been made in current loans, which advanced $4,000,000. Investments other than bank premises have been reduced $2,500,000 and call loans about $400,000, while bank premises have been increased $100,000, although $48,751 have been written off.

On the side of liabilities, deposits bearing interest have increased $2,780,000, while deposits not bearing interest have declined $360,000, doubtless owing chiefly to the commercial activity of the present time. The balance carried forward in profit and loss account is $194,777, as against $68,871 last year.

At the fifty-fifth annual general meeting, held January 11, 1911, W. H. Beatty, the president of the bank, and a member of the board for twenty-nine years, resigned his position as president and was succeeded by Duncan Coulson, former general manager. Thomas F. How, manager of the Montreal branch, becomes the general manager.

—The latest addition to the chartered banks of Canada is the Weyburn Security Bank of Weyburn, Saskatchewan. The treasury board has issued its certificates allowing it to begin business on January 3, 1911, with eight branches in the province of Saskatchewan. The organizers are United States citizens and United States settlers in the province, but a majority are, of course, British subjects, as the Canadian Bank act requires. The president of the new bank is Alex. Simpson of White Rock, S. D., and its vice-president is S. E. Oscarson of Wheaton, Minn. Its authorized capital is $1,000,000. Its subscribed capital is $601,000, and its paid-up capital, $300,800. The eight branches are to be at Yellow Grass, McTaggart, Griffin, Colgate, Pangman and Radville.

—According to the annual statement of the Banque d'Hochelaga, that French Canadian institution shared in the prosperity of the past year and improved its position financially. The profits were $417,697, an increase of $56,876. The reserve fund was strengthened to the extent of $200,000 and $15,041 was carried over.

—Net profits of $422,030 are shown in the annual report of the Bank of Hamilton,

HEAD OFFICE BUILDING THE BANK OF TORONTO, TORONTO, AS IT WILL APPEAR WHEN COMPLETED

just issued, which compares with $382,332 earned a year ago. After providing for dividends, $500,000 was added to the rest account, and $192,810 carried forward to profit and loss. Last year the amount carried forward was $403,665.

—Net profits of the Union Bank for the year amounted to $451,620, which is equal to about fourteen per cent. earned on the capital paid-up. Nearly $260,000 was paid out in dividends while the officers' fund received its allowance. Deposits bearing and not bearing interest amounted to $37,409,681, while cash assets are given at $14,985,269. Call and short loans amount to $5,147,552, with current loans at $30,415,915, while total liabilities show $47,455,827.

—The Bank of Nova Scotia has decided to increase its capital from $3,000,000 to $4,000,000. Shareholders will have the right of subscribing to the new stock in the proportion of one share of new to every three shares of old on the basis of $268 per share.

—At the annual meeting of the Eastern Townships Bank, held in Sherbrooke, the president, Wm. Farwell, announced an increase in the dividend to nine per cent. The directors were authorized to apply to the Treasury Board of Canada for its approval of an increase of the capital stock of $2,000,000, raising it to $5,000,000, the new shares to be issued and allotted in such manner and proportion, and at such time as the directors of the bank may deem proper.

Net profits for the year amounted to $410,696, which, with the balance from last year gives the sum of $559,538 available.

The following were elected directors: Wm. Farwell, S. H. C. Miner, G. Stevens, C. H. Kathan, J. S. Mitchell, A. C. Flumerfelt, O. A. Robertson, G. G. Foster, K. C.; F. N. McCrea, B. O. Howard and Charles W. Colby, Ph. D., Montreal, who replaces the late F. Grundy.

—Net profits of the Merchants Bank of Canada amounted to no less than $1,057,139, as against $831,159 last year, which shows an increase of $226,000, or over twenty-seven per cent. Earnings on capital are at the rate of 17.6 per cent., while on capital and rest the rate is 9.7 per cent., a rate which is exceeded by but one or two other Canadian banks. Total assets now stand at $71,600,000, as contrasted with $66,800,000 last year, an increase of substantially five millions. Call loans standing at $12,881,000 are only half a million below last year's figures, while current loans have increased from $28,214,000 to $34,819,000.

—The annual report of the Bank of Commerce shows that the earnings for the past year amount to $1,838,065, which is 10.8 per cent. on rest and capital combined, a rate of earnings that no other Canadian bank can approach. From earnings $900,000 has been paid in dividends, $300,000 written off bank premises, $1,000,000 transferred to rest, $310,204 carried forward and $50,000 transferred to pension fund. This last item brings to mind the notable fact that now the pension fund is of a sum sufficient, from an actuarial point of view, to take care of all calls upon it from officers or widows and orphans of officers. This the heads of the bank consider as one of the most notable features of the year, and one which they consider unique in the annals of Canadian banking. The pension fund is examined at biennial intervals by an actuary and it is to be adjusted so as to be mathematically correct in this respect. The general statement shows assets to the amount of $157,053,015, an increase over last year of eight millions. Deposits bearing interest stand at $92,352,590, and not bearing interest at $34,481,663.

—C. A. Bogert, general manager of the Dominion Bank, has issued a financial statement for the year ended December 31 last, which shows steady and profitable gains in the bank's business.

The net profits for the year, after deducting charges of management and making provision for bad and doubtful debts, amounted to $659,300, being at the rate of sixteen and one-half per cent. on the paid-up capital, or one per cent. increase over the previous year.

After providing for quarterly dividends which came to $480,000, the sum of $170,000 was written off bank premises, while 305,067 has been carried forward to profit and loss account.

Total deposits aggregate $49,302,000, an increase of $4,000,000 over 1909, while cash assets total $11,000,000.

Immediate available assets amount to $22,041,300, or about thirty-four per cent. of the total assets, which amount to $62,677,-

820, or forty-one and a half per cent. of the liabilities to the public.

The reserve fund now amounts to $5,000,-000, or $1,000,000 more than the paid-up capital, which shows great strength in this particular, and gives evidence of capital management.

FUNDING COMPANY OF AMERICA

AT the recent annual meeting of the stockholders of the Funding Company of America at the company's offices in New York, the following directors were elected: Charles J. Buchanan, director Union Trust Company, trustee National Savings Bank, Albany, N. Y. Howard S. Kennedy, vice-president, Cluett, Peabody & Co., Troy, N. Y.; A. H. Phelps, president First National Bank, New Berlin, N. Y.; James D. Abrams, president Hudson Yacht and Boat Company, Nyack, N. Y.; John W. Harding, Charles W. Abrams and Edward Staats Luther, New York city.

At the annual meeting of the board of directors, held immediately following the annual meeting of the stockholders, Mr. Harding, Mr. Abrams and Mr. Luther were reelected respectively as secretary, treasurer and president of the company for the ensuing year.

Following is the statement of the company's condition on January 1:

ASSETS.

Securities	$248,170.00
Business investment	351,800.00
Cash on hand and in banks	5,266.17
Bills receivable	6,000.00
Due from subscribers and others	14,331.19
Furniture and fixtures	5,163.93
Total	$630,731.29

LIABILITIES.

Capital stock	$569,630.00
Securities subscriptions	10,330.00
Current accounts payable	1,010.67
Surplus	49,760.62
Total	$630,731.29

AMERICAN REAL ESTATE COMPANY

ELSEWHERE in this issue will be found the twenty-third annual statement of the American Real Estate Company of New York. As will be seen, the company's resources now exceed $23,000,000, which represents an increase of nearly $8,-000,000 in the last year alone.

The American Real Estate Company's business consists in the purchase, improvement and holding for income of real estate in the Boroughs of Manhattan and Bronx, New York city, and in the City of Yonkers, adjoining New York. It is hardly necessary to say that such property, bought at the right prices and carefully managed, affords a safe and profitable basis for investment.

In its nearly twenty-five years of business the American Real Estate Company has developed a high degree of efficiency in its special field, and the growth attained indicates that it has gained the confidence of investors.

MUTUAL BENEFIT LIFE

THE sixty-sixth annual statement of The Mutual Benefit Life Insurance Company of Newark, New Jersey, is a remarkably well balanced document. During the past year the total receipts amounted to $25,793,570 and the total expenditures averaged $18,247,904, leaving a balance January 1, 1911, of $132,878,349. Policy-holders received $14,283,178 of which $6,437,732 was in payment of death claims and the remainder was made up of annuities, endowments, etc. The total assets are now $137,217,995.

BANK OF NEW SOUTH WALES, SYDNEY, AUSTRALIA

—Deposits of this oldest bank on the continent of Australia, have increased over $20,000,000 in the past twelve months; on November 22, 1910, they were reported to be over $165,000,000. The net profits for the half-year after deducting debts, taxes and other items, were about $1,000,000.

A BID FOR MORE

"Here, son, is a dime. Now let us see how long you can keep it in your pocket."

"Oh, pshaw, pa, what's the use trying to break the record with a little thing like a dime?"—*Chicago Record-Herald.*

WITH BANKERS MAGAZINE ADVERTISERS

A WONDERFUL POCKET BANK

A NOVELTY in the way of a pocket bank is the "Lucky Horse Shoe Bank," manufactured by Victor M. Grab & Company of Chicago. It is said to be the smallest, most practical bank ever made—may be carried in pocket, worn on watch chain, key ring or neck chain. It is made of heavily nickel plated brass, and lasts for years. It cannot be opened until ten dimes have been deposited. It then opens automatically. When snapped shut the bank is ready for use again. The price is ten cents each. Many banks give them away to depositors.

Louis G. Kaufman

PRESIDENT OF THE MERGED CHATHAM AND PHENIX NATIONAL BANKS, NEW YORK—NOW THE CHATHAM AND PHENIX NATIONAL BANK

THE
BANKERS MAGAZINE
ELMER H. YOUNGMAN, Editor
SIXTY-FIFTH YEAR MARCH, 1911 VOLUME LXXXII, NO. 3

THE ALDRICH PLAN FOR BANKING LEGISLATION

WHILE no formal report has as yet been made by the National Monetary Commission, a plan for a central bank of issue has been put forth by the chairman, Senator NELSON W. ALDRICH.

We have expected from the first that this would be the result of the commission's labors, for we have not regarded it as a body designed to make a thorough and impartial investigation and report its conclusions. The Commission seemed to us especially designed to educate the public, at the Government's expense, to accept a central bank. The mass of material collated by the Commission in regard to the great central banks of Europe tends to confirm the correctness of this view.

Although the fact that the Commission was from the first generally looked on as favoring a central bank would naturally tend to bias its investigations and thus to impair their scientific value, it does not follow that the Commission's conclusions are, necessarily, unsound. A commission might, for example, be appointed to investigate the money standard, and if it should decide in favor of gold that would not prove that the scientific standard is silver, even though the members of the Commission were known in advance to be gold-standard men.

It is clear, however, that on a question of so much moment an entirely impartial study of the whole subject would have been of the greatest benefit to the country. But since that has not been practicable under the present organization of the Commission, we shall have to deal with conditions as they are, and not as they ought to be. And we shall endeavor to consider Senator ALDRICH's currency plan purely on its merits.

Whether any form of a central bank is practicable or not, in this country, we very much doubt. But were it possible to secure legislative sanction for such an institution, organized and managed in accordance with Senator ALDRICH's plan, we believe that it would be of very great benefit to the whole country.

The principles upon which Senator ALDRICH's plan is based are in the main entirely sound. Perhaps their soundness could be asserted without even this slight qualification.

To review the plan in detail would require a great deal more space than can be given to the matter here. Those who wish to read the plan in full will find it in No. VI of the "Bankers Handy Series," published by The Bankers Publishing Company of New York.

Senator ALDRICH calls his central bank the Reserve Association of America. This sugar-coating, of course, deceives nobody, and it would have been much better to have called it by some term revealing its real character—a bankers' bank of issue. A name of this kind would certainly strengthen the institution in foreign estimation especially. The capital proposed is $300,000,000, to be subscribed by the national banks in the proportion of

twenty per cent. of their stock. As the present capital stock of the national banks is only a little over $1,000,000,000, twenty per cent. of this would be only $200,000,000, so that if all the existing banks would subscribe, there would still be a shortage of $100,000,000. But as the plan proposes the organization of "national trust companies," and national banks with savings departments to make loans on real estate, no doubt it is Senator ALDRICH's expectation that a majority of the State banks and trust companies would come into the national system.

But the profits of the Reserve Association are limited to a maximum of five per cent., and this would, in our opinion, tend to prevent many banks from becoming subscribers.

Why should any bank, on purely business grounds, that is earning ten per cent. and upwards on its capital, invest in an enterprise that would pay only five per cent.? Besides, is it good business policy for the banks to withdraw $300,000,000 from local trade to put it into an outside bank? These are considerations that will have great weight with the bankers of the country should they ever be called on to subscribe to the capital of the Reserve Association of America.

This limitation of profits to a low figure might have the effect of confining the subscriptions to the capital stock of the Reserve Association to a few large banks, which could increase their own capital sufficiently to take up a controlling proportion of the stock, They might hope to derive enough profit from some manipulation of the funds to recompense them for the comparatively small return received on the capital invested in the Reserve Association.

Next in importance to the method of obtaining the capital for the proposed Reserve Association is the plan of organization and control. Substantially, the control will be vested in the President of the United States, who is to appoint the governor and deputy governors, and the governor will appoint the managers of the branches of the Reserve Association. This makes the management of the concern rather political in character.

Local associations of national banks are also provided for, and the plan of organizing such associations seems to have been very carefully worked out.

The Reserve Association is to be made the fiscal agent for the Government, and receipts and expenditures are to be handled through the institution. The Reserve Association is to hold the reserves of national banks, but shall pay no interest on deposits. It would rediscount, and discount directly (under certain conditions) for the national banks. All these functions, properly exercised, would unquestionably be of the highest service to the business community. An intelligent policy of handling the public funds, as outlined in this plan, would relieve the money market of the ill effects of the present method of alternately locking up and pouring out vast sums of money. A rediscount center to which solvent banks could always confidently apply in case of need would be of almost inestimable benefit to the banks and their dealers.

One of the most important provisions of Senator ALDRICH's plan is, of course, that referring to the note issues. He abandons, in principle at least, the continuance of a bond-secured circulation, and accepts the principle of securing the notes by gold and commercial paper. For although bonds are included as a part of the security for notes, it is evident that this is a temporary expedient only, as may be inferred from this declaration: "It being the policy of the United States to retire as rapidly as possible, consistent with the public interests, bond-secured circulation," etc.

A considerable part of the circulation is subjected to a heavy tax, which is probably unnecessary and will prove costly. But generally, the proposed regulation of note issues is sound.

The proposal to confer trust company functions on national banks and to establish national banks with savings departments would tend to bring a great many of the existing State banks into the national system, and would make for greater uniformity in banking. It would also enable the national banks to compete more effectually with State banks and trust companies.

Perhaps, if we could start all over again, with experience to guide us, something of this kind would be agreed on, but we are less sure, under existing conditions, whether or not such sweeping changes can be made.

The nationalization of all banks would on some grounds be desirable, but we are far from being certain that it would prove an unmixed blessing. Moreover, the Federalization of banks is but the beginning of a policy that will ultimately bring everything under the wing of the Washington Government. This is something to be thought of, for despite many imperfections in our banking and commercial systems, we have made wonderful progress under the diverse State laws. While we are in favor of all wise efforts to keep banking within the bounds of safety, we are not yet persuaded that the only way to do this is by putting it in the strait-jacket of uniform national laws. Conditions are not the same on Broadway or Wall Street as they are everywhere throughout the Union, and it may be that the people of each State are fairly competent to judge of their own banking needs.

As to the proposal to endow national banks with trust company functions, however, there is this to be said. The trust companies do a trust company business and a banking business besides. Need they complain that the national banks wish to be placed on an equality with them?

The suggestion that savings departments be created in national banks merely recognizes a recent tendency in banking—the national banks are already doing a savings business. Senator ALDRICH proposes to recognize this fact, and to provide for a proper regulation of the business.

We repeat, that on the whole the plan proposed by Mr. ALDRICH is sound in principle, and could it be enacted into law it would be of great benefit to the country.

But the central bank he would establish is a complicated piece of machinery, and it may well be doubted whether the banks will accept it.

This MAGAZINE has labored too long and earnestly in behalf of scientific bank-note issues to be other than pleased that Senator ALDRICH has finally adopted the right principle. If that principle could be enacted into law it would be a substantial advance in banking reform.

But we believe there is something of equal, if not greater importance, namely, the equipping of the reserve banks with adequate capital and adequate reserves, so that the demand upon these institutions for loans may always be met. That is, in our opinion, the real problem to be solved.

Probably the needed improvement in banking machinery could be had with a minimum of friction by extending the clearing-house organizations and adapting them to the needs developed by experience. Here is an organization of the bankers, ready at hand, familiar by experience with local wants. Is it not more practicable to take this tried instrumentality and shape it to our requirements than to establish a central bank—a piece of financial machinery with which American bankers have had no experience whatever?

AMERICAN RAILWAY SHARES IN GERMANY

GERMANY'S perturbation over the proposal to list the shares of the Chicago, Milwaukee & St. Paul Railway on the Berlin Bourse is somewhat amusing. The objection does not seem to have been made on the ground that the securities were not of an acceptable class, but because the German money market is hardly in a condition at present to open the way for new investments that might draw considerable capital abroad. In other words, the Germans realize that our high-grade securities are good enough to drain away their cash at a time when it is needed at home.

While it may be regretted that the railroad in question might not have had immediate access to the German money market, the ground on which the refusal was based indicates that the denial is only a temporary one, and that when conditions are favorable, these securities, and doubtless many others, will be welcomed by the German bankers.

BETTER SENTIMENT REGARDING BANKING LEGISLATION

FOR many years this MAGAZINE has been advocating so many elementary banking and financial reforms, without success, that we have been disposed to take a rather unhopeful view of the situation. But we think there are signs of the awakening of public intelligence with regard to these matters, and of course that is all that is necessary.

The introduction of a measure providing that the Government shall accept certified bank checks in payment of certain dues, and the one prohibiting the use of the new Panama bonds for circulation purposes, are cases in point. Had our advice been followed at the proper time, the Panama bonds already issued would have been deprived of this privilege. The perpetuation of a large part of the public debt in the form of two per cents. was also another financial mistake.

An additional hopeful sign is Senator ALDRICH's banking bill. The machinery it proposes may be impracticable, but most, if not all, of its principles are sound. We have been compelled, on what seemed just grounds, to severely criticise the course of Congress with respect to banking and currency legislation in the past, but we hasten to give ungrudging approval to the least sign of an awakening to the need of better laws.

THE BANKING AND BUSINESS SITUATION

CONCERN has been expressed in London over certain recent banking developments in New York. Perhaps this concern was hardly justified, as banking conditions in New York have been steadily improving since midsummer of last year and are now quite close to normal. It is greatly to the credit of the banks of New York that at a time when expansion was becoming general they began imposing a closer scrutiny upon loans, with the result that their commitments were gradually but substantially reduced. This policy was not only wise but indicated rather more foresight than has sometimes been displayed in recent years.

The banks of the whole country have been rather less inclined to imitate the conservatism of New York than could have been wished.

So far as the recent bank and trust company developments in New York are concerned, they are probably of little moment, as they were entirely outside the realm where the real banking strength of the city lies. As an eliminating process, these events will in the end prove rather beneficial than otherwise.

Compared with a year ago, the re-

serves of all the national banks of the United States have slightly increased of late, and it is believed that the general banking situation is good. Perhaps the liquid character of the assets of the banks has been somewhat curtailed in recent years owing to the remarkable activity of corporate enterprise, the largely increased volume of stocks and bonds seeking a market, and the necessity of greater holding of these securities by the commercial banks. Under these circumstances, it becomes a question whether our financial and banking machinery is not sorely in need of a better adaptation to these changed conditions. Are not great financial and industrial banks demanded under present conditions? As it is now, the large banking houses conduct the gigantic financial operations, but probably in most cases the commercial banks must bear the brunt of them in the end. They must finally furnish the gastric juice to digest the vast mass of securities flowing into their stomachs through the œsophagus of "high finance."

We suspect that these changed circumstances, which are merely a natural development of the times, for which nobody is blamable, have had more important bearings on our banking situation than commonly believed, and that this pressure will not be relieved until there is either a vast reduction in corporate financing or a new bank, or series of new banks, having large capital and especially organized for financing large corporate undertakings shall be formed. This lesson was learned in Europe long ago. Mexico, very recently, has applied it by forming a large financial corporation for the special purpose of taking over some of the less liquid securities of the Mexican banks. Perhaps the action of the First National Bank of New York in forming the First Securities Company had a similar laudable purpose in view.

While the trust companies of the United States are carrying a large part of the country's corporate securities, they relieve the situation less than would otherwise be the case from the fact that they are, as a rule, doing a commercial banking business also.

In one respect the banking situation has tended steadily in recent years toward improvement. Extra efforts have been put forth by the Comptroller of the Currency to secure a more efficient examination and supervision of the national banks, and with good results. And a similar activity has been witnessed quite generally by the supervising officials of the State banks.

Despite the vigorous efforts of the Comptroller, however, it is surprising that a large percentage of the national banks still violate the provisions of the National Banking Act. Information in detail is given in respect to these violations in the Comptroller's recent annual report. The record is rather a surprising one. As is well known, these infractions of the law are in some cases trivial, and the only remedy the Comptroller has is to begin an action for the forfeiture of the offending bank's charter—a punishment out of all proportion to the offense. Probably if the Comptroller had authority to impose a moderate fine upon the recalcitrant banks they might mend their ways.

With regard to the general condition of business, the outlook is less assuring than it is in the banking world. This is not due to anything inherently unsound in the business situation itself. On the contrary, the slowing down in activity that has been going on for some time has made for strength and an improved tone.

But the attitude of labor and Government toward capital renders the situation one of considerable uncertainty. Whether this attitude is wrong or right, we do not propose now to discuss. Enough to say, it will have to be taken

carefully into consideration in forecasting the future business situation in the United States.

BETTER BOOKKEEPING FOR NATIONAL BANKS

OWING to an improper system of bookkeeping, a national bank in one of the Southwestern States was, according to the Comptroller of the Currency, able to conceal its insolvency for two years before suspension. This has called forth an order from the Comptroller directing that "hereafter every national bank must keep a set of books from which the examiners can determine its exact condition."

This order—which, of course, will not affect the great majority of the national banks already keeping such books—is commendable, for it will not only aid the Comptroller in determining the condition of the banks, but will tend to prevent dishonest employees or officers from manipulating accounts so as to conceal shortages. While any set of books will depend more or less upon the honesty of those who keep them, yet it is easier to manipulate a bad system than a good one.

Perhaps one of the most valuable features of bank inspection by expert accountants and auditors is the impossibility of loose or antiquated systems of accounting being perpetuated.

BANK ACCEPTANCES NO PANACEA

WITHOUT in the least wishing to throw cold water on the enthusiasm of those who are advocating bank acceptances as the magic wand that shall transform our whole banking system over night from the unholy thing it is represented to be, into a paragon of excellence, we must nevertheless be permitted to doubt the absolute efficacy of this new-fangled remedy. The business of accepting by banks is capable of rendering great benefit to the commercial community. It is also capable of great abuse, particularly with a banking system like ours. There is such a thing as making credit too fluid—of giving too wide a market to bank acceptances. Easy borrowing may make hard paying.

Besides, it is utter nonsense to say that at present we have no legitimate commercial paper—nothing but promissory notes. Of course, the promissory note may be just as legitimate a form of commercial paper as a bill of exchange. Actually, we have plenty of other commercial paper besides the promissory notes.

The business of accepting paper, if entered into by the banks generally, would probably soon lead to such abuses as to make necessary a repeal of the law permitting acceptances. But it might be feasible and advantageous to have this service performed by certain banks adequately fitted for it.

INTEREST ON RESERVE ACCOUNTS

WHATEVER may be the opinion of bankers as to the practice of paying interest on time deposits, it would seem that a majority, of the national banks at least, do not pay interest on demand deposits or checking accounts. According to a recent statement furnished by the Comptroller of the Currency, two-thirds of the national banks pay no interest on such deposits.

Referring to an article in a previous number of this MAGAZINE, Mr. JOHN B. KNIGHT, treasurer of the Chicopee Falls (Mass.) Savings Bank, writes:

"In your excellent editorial in the BANKERS MAGAZINE on 'A Central Bank with Branches,' etc., you say: 'To compensate the reserve banks for keeping larger reserves, some concessions should be made to them, in the

form of reduced taxation or otherwise.' Allow me to suggest that the logical compensation to allow them would be to forbid the reserve banks paying interest on the reserve deposits. Would not this be ample compensation, and would it not also relieve the situation in many ways?"

The law requires that the banks shall keep certain reserves. But except in New York, Chicago and St. Louis, the reserves of national banks may be redeposited in other prescribed cities. These redeposited reserves are really demand deposits, and they are not only subject to recall in small amounts as is generally, in practice, the case with individual deposits, but very large sums may be withdrawn at any moment.

As the banks holding the reserves of other banks must always be in a position to return them on demand, it would, as Mr. KNIGHT suggests, be logical and consistent with the soundest banking practice to relieve the banks that hold such deposits of the burden of paying interest on them. This would undoubtedly tend to promote sounder lending operations, and would reduce the bidding now going on for reserve accounts.

Unless the country banks received interest, however, on that portion of their reserves deposited with reserve agents, they would probably keep most or all of their reserves in their own vaults, for there would be no incentive to keep them elsewhere, except possibly a slight advantage in the way of security and convenience. But if the abolition of interest on reserve accounts did have the effect of driving a considerable part of the redeposited reserve funds back into the country banks, some banking authorities would regard that as a desirable result. On the other hand, many natural causes tend to favor the accumulation of reserve cash funds at the money centers.

The banks of the reserve and central reserve cities might divide their out-of-town accounts into two classes, separating the reserve funds into a special account and not paying interest on them. It is altogether too much to expect that under present conditions the payment of interest on bank deposits can be stopped altogether, but possibly the payment of interest might be discontinued on the reserve balances.

GOVERNMENT PAPER MONEY FOR AUSTRALIA

AFTER the first of March of the present year, Australia will replace the bank notes in circulation in that country with an issue of Government paper currency. The bank notes are to be subjected to a prohibitory tax, and their place taken by the Government notes, which will be a legal tender, and at present redeemable in gold at Melbourne only.

Up to £7,000,000 the Government notes are secured to the extent of twenty-five per cent. in gold coin, the remaining seventy-five per cent. of the proceeds of the note issue (up to the amount named) being invested in securities of the United Kingdom, of the Australian Commonwealth, or State, or deposited in a bank, the income from such investments to be paid into a fund for the redemption of the notes. Any excess of notes beyond £7,000,000 can only be issued against gold coin.

The Australian Government is also authorized to issue Treasury bills, with a currency of not more than five years, to an amount equal to the amount of Australian notes in circulation, the proceeds of these bills to be applied to the redemption of the notes.

This substitution of Government paper currency for bank notes is one of the fruits of federation of the Australian States into a Commonwealth, and no doubt it is not relished by the banks of that country. As the bank

notes have been safe, it is difficult to see what valid grounds existed for making the change. Although the relative importance of the bank note tends to decline, it continues to be a serviceable instrument of commerce, particularly in the newer communities. It would seem to have been especially adapted to the conditions in Australia now and for many years to come.

Substantially, the Australian Government note issues resemble the Bank of England notes. Beyond the fixed limit of £7,000,000, they will actually be gold certificates, as are the Bank of England notes beyond a certain limit. Whether such certificates are issued by a large central bank or by the Government, does not make much difference.

If the Australian currency shall finally come to be composed largely of gold certificates, it will represent an expensive locking up of capital that may retard the country's progress. As a remedy for this, the Government may raise the percentage of currency to be issued against securities and thus encounter the evils of bond-secured notes, thus repeating the very errors from which the United States is now trying to escape.

PROSPERITY FOR THE BANKS

WHILE expressions of late regarding the business situation have been far from uniformly optimistic, the earnings of the national banks, as shown in the recent Report of the Comptroller of the Currency, reflect a business situation that is by no means discouraging.

Not only have the banks made good profits but there have been very few failures. It is the Comptroller's policy to guide weak and incompetently-managed banks in the direction of voluntary liquidation before their affairs have become so badly involved as to bring about insolvency. This policy will not only tend to reduce failures, but will frequently prevent losses to depositors and stockholders.

In numbers, aggregate of deposits and resources and in prosperity, the national banks are now near the top figures in the history of the national banking system. And the same might truthfully be said of the State banks and trust companies, which have continued to grow with a pace at least equal to that of the national institutions.

This growth of the banks would seem to afford a good basis for believing that the country is steadily advancing in prosperity of a solid kind.

ACCEPTANCE OF COMMERCIAL PAPER

ADDRESSING the recent convention of the American Bankers' Association, FRANK B. ANDERSON, president of the Bank of California, N. A., San Francisco, made a strong argument in favor of permitting the national banks in the reserve cities to accept time paper.

He said that many banks would jump at the chance of buying commercial paper accepted by well-known banks, when they found they could sell such paper "and not be held up to the community as borrowers."

The defects which experience has revealed in our banking system are in a fair way of being cured when the bankers once begin to grapple with them as concrete business problems.

While MR. ANDERSON favored a central bank, he expressed the opinion that the improvement of our discount system would not interfere with the formation of such a system later on.

Perhaps, should a central bank be established, it will be found necessary for its efficient working that important changes will have to be made in the character of much of our banking paper and in the methods employed by the banks in handling it.

THE LEGAL RELATION BETWEEN BANKER AND DEPOSITOR

By Charles A. Brady, of the New York Bar

WHEN a depositor opens a bank account, he is usually indifferent as to the nature of the legal relation which thereupon arises between himself and his bank. He has reason to believe that the bank is "good," and he knows that it will pay his checks when they are properly presented, unless his account is overdrawn. Beyond this he is not interested. It does not occur to him to consider what status he bears with relation to the bank; whether the bank holds his money for him as a trustee, or is in the position of having borrowed the money, or whether the transaction is in the nature of a bailment.

On the other hand the officers of the bank, on their part, may not be aware of the exact nature of the legal relation which arises when a deposit is entered. This question of relation becomes important when the bank wishes to apply money in its hands to a debt owing to the bank by one of its depositors, and in many other situations which arise regularly in the conduct of the business of the bank.

In general, it may be said that all deposits with bankers are divided in two classes, namely, those in which the bank becomes bailee of the depositor, the title to the thing deposited remaining with the latter; and that other kind of deposit of money peculiar to banking business, in which the depositor, for his own convenience, parts with the title to his money and loans it to the banker; and the latter, in consideration of the loan of the money and the right to use it for his own profit, agrees to refund the same amount or any part of it on demand. This is the ordinary deposit, and a deposit of this kind creates a relation of debtor and creditor between the depositor and the bank. Unless, at the time of making the deposit, there is a stipulation or agreement to the contrary, the money deposited belongs to the bank and it is the debtor of the depositor to the extent of the deposit.

There is, however, this difference between the relation of banker and depositor and that of the ordinary debtor and creditor. When money is deposited with a banker it is payable on demand, at the bank, unless some other agreement has been made with reference to its payment. The banker is not required to hunt up the depositor and pay him the money, as an ordinary debtor is bound to do with his creditor.

In receiving deposits and opening accounts the bank is free to choose whom it will as customers from among those who offer. No duty exists on the part of the bank, akin to that which binds the common carriers, to take every person who requests them to do so, and who is in a fit condition to be taken, or that which obliges hotel keepers to admit any proper applicant as a guest. The bank may select arbitrarily and cannot be held accountable to any person for the propriety of its action in this matter.

Bank Liable Through Carelessness.

Slight carelessness in the matter of accepting a deposit has been known to result in a severe loss to the bank, chargeable with such carelessness. An early New York decision will illustrate this principle.

An old sea captain, arriving in New York in 1804 with $4,000 belonging to various consignees, determined to deposit the money in the Bank of New York for safe keeping until the owners should call for it. On reaching the bank he found that the outer doors had just been closed for the day. At this moment a person named Arnold, with whom the captain had been formerly acquainted, stepped up to him and volunteered to pilot him into the bank by way of the rear entrance. The captain accepted the proffered services and together they made for the back door of

the bank, Arnold learning in the meantime the nature of the captain's business at the bank. On reaching the inside of the bank, Arnold informed the cashier, in such a manner as not to be overheard by the captain, who, it appears, was hard of hearing, that he had about $4,000 to deposit, and which he begged to be received. This being consented to, Arnold requested certain notes of his own which the bank held and the cashier's certified check for $1,600.

Upon obtaining these, Arnold and the captain departed. The captain had been given to understand that he could leave the money in the bank overnight and call in the morning to deposit it in the regular manner. On account of his deafness he was not aware of the trick his friend had played on him. When he called the next morning, both he and the bank discovered the fraud, and the bank, having already paid the amount in notes and a certified check, refused to again pay the captain. But the court held that the bank was liable for the loss which had occurred. Though Arnold had stated that the money was his in the presence of the captain, still the captain, owing to deafness, did not hear the assertion, and, as the court said, he was not "blamable in not contradicting what he did not hear."

The loss was caused by the failure on the part of the officers of the bank in not directly asking the captain to confirm Arnold's statement. This was the decision of the Supreme Court of New York in the case of Winter vs. the president and directors of the Bank of New York, decided in 1805, and reported in 2 Caine's Reports, page 337. It goes to show that in 1805 banks had to be careful in receiving deposits, as well as in paying out money, and the same is none the less true to-day.

In Case of Failure.

In an early decision it appeared that in the year 1828 the depositors of the Franklin Bank, in the city of New York, received the unwelcome news that the bank had become insolvent. They were not the first group of depositors to be saddened by such tidings, nor, it seems, have they been the last. But they were among the first to claim that, in settling the affairs of an insolvent bank, the depositors were entitled to be paid off before the other creditors should receive anything on their claims. It appeared that the total amount of liabilities was about $340,000, of which $125,000 was owing to bill holders and other creditors, the balance representing the amount due to the depositors.

As soon as the depositors recovered from the shock caused by the failure they set about to see how much of their deposits they could get back. The bank was able to pay approximately fifty per cent. of its total liabilities. The depositors, not satisfied with this, came forward with the argument that their claims should be preferred over the claims of the other creditors and that the other creditors should receive nothing until the depositors had been paid in full.

This contention was based on the theory that the bank was a sort of trustee for the depositors, and not simply their debtor, and that the depositors were entitled to a more exalted position than that of common creditors when it came to distributing the moneys of the defunct concern. The depositors, they said, placed their money in the bank for safe keeping, relying upon the integrity of the directors, and receiving no advantage or profit, while the bill holders, on the other hand, took the bills of the bank in the ordinary course of business, relying on the financial stability of the bank, and deriving both profit and advantage from the transaction.

The success of this argument would have meant eighty per cent. of their claims for the depositors and nothing for the bill holders. But the court was not disposed to see the matter in that light. Depositors, it held, were nothing more than ordinary creditors, and as such had to share the funds of the bankrupt with all other ordinary creditors. And since that time, as well as for a long time before, the bank has been regarded by the law as the debtor of its depositor.

Obligation of Depositor to Exercise Care.

It rests upon depositors to exercise a reasonable amount of care in making deposits. They should deliver the money to an officer of the bank properly authorized to receive it. Otherwise the bank will be relieved of responsibility should the money be lost or embezzled in the course of its transit to the hands of the proper officer.

Obviously deposits should be made with the receiving teller. The receiving of deposits is his particular duty. If there is such a functionary in the bank and the depositor delivers his money to any other officer, that officer becomes, according to the weight of judicial opinion, the agent of the depositor for the purpose of completing the deposit, and should he betray the trust thus imposed upon him, the loss will fall on the depositor and not on the bank.

A man named Coe, in 1866, deposited $1,100 in the East River National Bank, a New York institution, and the bank, in error credited the deposit to the account of one Gove, who drew out the $1,100 on checks. When the mistake was discovered, Gove called around to the bank to make good the amount, and handed $1,015 to the paying teller. Just what the paying teller did with the money does not appear in the printed report of the case, but it never found its way into the bank's vault.

So the bank brought suit against Gove, claiming that the paying teller, as his title implied, was there to pay and not to receive money, and that a deposit made with him, or a payment made to him, was not binding on the bank unless he actually permitted the bank to have the money. But this did not represent the law according to the ideas of the court, and the rule was announced that when a man goes into a bank and pays a debt which he owes the bank to one of its officers, whom he finds behind the counter, without knowledge that the officer has no authority to receive payment, the payment is nevertheless good and binding on the bank. (East River National Bank vs. Gove, 57, N. Y. 597 [1866]).

But it was different in a case where a depositor employed the bookkeeper of his bank, to post his books after banking hours, and, from time to time sent money by him to the bank for deposit. The bookkeeper, because he needed the funds, or from some other equally unjustifiable motive, did not deposit the money, but appropriated it to his own personal use. Here the depositor had made the bookkeeper his agent to make the deposit, and the bank was not answerable for his failure to do so. (Thatcher vs. Bank of State of N. Y., 5 Sandf. 121.)

Completing the Deposit.

It has been held that, where a depositor gives his money to the president of a bank in the bank building, intending to deposit it in the bank, and the president receives it for that purpose, the deposit is thereupon complete and the depositor is not bound to see to it that the money goes to his credit on the books of the bank.

For, as was said in the opinion, "It would be an alarming doctrine to announce that a depositor, under the circumstances mentioned by His Honor, would have to see that his deposit was entered on the books of the bank to his credit, before the bank would be bound." (Juniper vs. Bank, 48 S. C. 430 [1897]).

It will not help a depositor, who has suffered a loss as a result of depositing his money with an officer not properly authorized to receive it, or by delivering the money intended to be deposited to a representative of the bank at a point outside the bank, to show isolated cases of such practice by the bank. Single instances of irregular deposits will not suffice to alter established principles. But authority may be implied from long usage. For instance, where a bank had for a number of years permitted a

porter to receive money from an express company at the bank, the clearing-house, or at the office of the express company, a delivery of money to him at the express office was held binding on the bank, although it was stolen from the porter before he got back to the bank.

CANADIAN BANKING AND COMMERCE

By H. M. P. Eckardt

THE outstanding feature of Canadian banking in 1909 was the large gain in deposits. During the year the increase was $146,000,000, or over twenty per cent. This increase of deposits began early in 1908 and had continued without interruption at a very rapid pace. The circumstances operating to bring it to pass are well known: immigration of settlers and capital, notably from Great Britain and the United States; large issues of Canadian securities in London; increasing yield of natural products, especially of agriculture and of the mines.

As the activity of trade and industry increased but slowly in the two years immediately following the panic, the expansion of the domestic mercantile loans of the banks did not serve to absorb the gains in deposits. Consequently the proportion of liquid or available assets to liabilities rose to a high level. The Canadian bankers are accustomed to count as available reserve the call loans owned by them in New York and London, and the balances carried in great international banking institutions.

Taking their reserve to consist of specie, Dominion notes, net foreign bank balances, and foreign call loans, the percentage of the same to the net liabilities rose from 19.70, on January 31, 1908, to 31.22, on August 31, 1909. Dating from August 31, 1909, the loan expansion has been at a more rapid rate. In the sixteen months from August 31, 1909, to December 31, 1910, the commercial loans increased $134,000,000; in the same period the increase of deposits was $132,000,000. So it can be seen that over this whole period the increase of commercial and industrial activity has created a demand for loans fully equal to the total of deposit acquisitions. Then it is to be noted that of the increase in deposits $74,000,000, or more than one-half, occurred in the last four months of 1909.

For the year 1910 the expansion of the home mercantile loans has been $84,000,000, as against an increase of deposits amounting to $58,000,000. This explains the complaints of stringency that have been arising from the monetary centers during the year. From the high level of 31.22 per cent. on August 31, 1909, the reserves of immediately available assets had fallen to 24.07 per cent. on December 31, 1910.

Bank Returns.

A feature of the 1910 Canadian bank returns which may turn out to have considerable significance is the unusual fall in deposits occurring in the last quarter of the year. Normally there is an important gain in those three months.

The great increase of the check circulation consequent upon the crop movement, the large collections of accounts effected by the business men and firms, usually cause a large swelling of the current account balances and deposits at notice. Thus in the last quarter of 1909 deposits increased $56,000,000; in 1908 the increase for the same period was $44,000,000; in 1906, $47,000,000; in 1905, $15,000,000; in 1904, $19,000,000. But in 1910 the deposits fell nearly $20,000,000 in the last quarter. The only other recent year to show a decrease for that quarter is 1907—the fall in the last quarter of 1907 amounted to $34,000,000.

In 1907 the movement was not due to want of confidence in the banks, but rather to the stringency in money, the

high rates of interest, and the attractive investments then offering. So, on the present occasion it cannot be said that depositors are withdrawing their funds because their confidence in the banks has been in anywise materially weakened.

The failure of the Farmers Bank of Canada, and the disgraceful revelations attendant thereon, did not operate to make depositors in the other banks mistrustful as to the safety of their funds. One principal reason for the fall of deposits is seen in the lessened output of Canadian securities in London. The market there became somewhat overloaded with new bonds and debentures emanating from the Dominion, and it was necessary to check the output. Then there has been considerable investment of depositors' balances, and the tightness of funds at the centers has led to the employment of depositors' balances in carrying loans on stock market collateral.

It is to be remembered also that January is invariably a month of contraction of bank liabilities. The bank-note circulation always contracts very sharply in that month and the demand deposits fall.

The following table shows the position of the banks on December 31, 1910, as compared with the same date in 1909:

LIABILITIES.

	Dec. 31, 1910.	Dec. 31, 1909.
Note circulation	$87,694,840	$81,325,732
Dominion Government deposits	5,970,160	8,204,717
Provinical Government deposits	24,714,358	24,592,223
Deposits of the public (demand)	280,910,695	261,268,387
Deposits of the public (notice)	544,220,710	499,082,024
Deposits elsewhere than Canada	70,574,871	75,088,499
Loans from other banks in Canada	3,988,730	4,420,738
Deposits of other banks in Canada	4,767,244	4,186,788
Due to banks in Great Britain	1,573,473	2,011,871
Due to banks in foreign countries	4,374,426	3,558,235
Other liabilities	7,286,060	7,236,868
	$1,036,075,636	$970,976,157
Capital paid	99,676,093	97,808,617
Rest or surplus	83,965,869	77,847,333
Profit and loss, etc	10,083,261	11,151,522
	$1,229,790,859	$1,157,783,629

ASSETS.

	Dec. 31, 1910.	Dec. 31, 1909.
Specie	$33,411,852	$27,456,690
Dominion notes	76,007,087	73,225,789
Circulation redemption fund	5,040,116	4,554,938
Notes and checks, other banks	48,045,024	45,791,783
Loans to other banks, Canada	3,807,474	4,299,806
Deposits in other banks, Canada	8,232,150	8,740,953
Due by banks in Great Britain	13,823,172	7,295,757
Due by banks in foreign countries	24,486,630	24,114,082
Dominion and provincial securities	13,102,587	12,824,341
Canadian, municipal, etc., securities	24,680,177	22,920,681
Railway and other bonds	59,519,918	50,051,831
Call loans, Canada	63,983,912	63,554,222
Call loans elsewhere	90,710,437	138,505,379
Current loans, Canada	677,064,829	592,741,812
Current loans elsewhere	40,400,839	40,072,793
Loans to provincial governments	2,144,028	3,080,086
Overdue debts	6,553,475	6,059,861
Real estate other than premises	1,360,966	1,235,367
Mortgages on real estate	958,745	624,284
Bank premises	25,191,619	21,336,631
Other assets	11,265,638	9,296,356
	$1,229,790,859	$1,157,783,629

Difference in addition due to omission of cents from figures reported by twenty-eight banks.

It will be interesting to trace the course of the foreign investments of the banks during the past three years. That may be seen from the following:

	Dec. 31, 1910.	Dec. 31, 1909.	Dec. 31, 1908.	Dec. 31, 1907.
Due from Great Britain......	$12,249,699	$5,283,886	$12,475,802	$4,255,503
Due from foreign countries...	20,112,204	20,555,847	31,949,067	11,566,837
Call loans, elsewhere...........	90,710,437	138,505,379	97,136,400	43,509,229
Current loans elsewhere	40,400,839	40,072,793	30,351,721	22,928,188
	$163,473,179	$204,417,905	$171,912,990	$73,718,751
Deposits elsewhere	70,574,871	75,088,499	66,903,834	53,407,203
Net investment abroad........	$92,898,308	$129,329,406	$105,009,156	$20,341,548

*Due to Great Britain.

1909 had been steadily increasing the amount of their net investment abroad —the total rising from $20,341,548 to $129,329,406—they began to draw heavily upon their outside balances in 1910. During the year they thus transferred about $36,000,000 net to Canada. Pressure from mercantile borrowers in the Dominion was, of course, at the bottom of this movement. It will be exceedingly interesting to watch the course of the net foreign investment during 1911. Some factors now in operation are calculated to bring about a

The balances shown as due from Great Britain are net balances due by London banks to their Canadian correspondents. Those due from foreign countries are also net balances, due principally by banks in New York city to the Canadian banks.

It will be noticed that 1910 saw a notable change of tendency. Whereas the Canadian bankers during 1908 and

Bank.	Year ended	Earnings 1910	Earnings 1909	Dividend paid 1910	Dividend paid 1909
Canadian Bank of Commerce.............	Nov. 30	$1,838,065	$1,510,696	9	8
Bank of Montreal	Oct. 31	1,797,993	1,826,168	10	10
Merchants Bank of Canada...............	Nov. 30	1,057,140	831,160	8½	8
Royal Bank of Canada..................	Dec. 31	951,337	838,306	11¼	10
Imperial Bank of Canada................	Apr. 30	702,508	743,524	11	11
Bank of Nova Scotia.....................	Dec. 31	662,301	604,124	12	12
Dominion Bank	Dec. 31	659,301	620,927	12	12
Bank of Toronto	Nov. 30	589,656	579,471	10	10
Molsons Bank (a).........................	Sept. 30	583,555	476,037	10	10
Bank of British North America...........	June 30	533,682	378,499	7	7
Bank of Ottawa...........................	Nov. 30	532,354	421,065	10½	10
Traders Bank of Canada..................	Dec. 31	524,351	457,082	8	7¼
Union Bank of Canada...................	Nov. 30	451,620	407,541	7¼	7
Bank of Hamilton........................	Nov. 30	422,090	382,332	10	10
Banque d'Hochelaga	Nov. 30	417,697	360,821	8	8
Eastern Townships Bank..................	Nov. 15	410,697	390,536	8¼	8
Standard Bank of Canada................	Jan. 31	342,259	283,065	12	12
Quebec Bank	May 15	278,926	252,771	7	7
Northern Crown Bank....................	Dec. 31	258,144	193,464	5	5
Banque Nationale	Apr. 30	257,917	266,661	7	7
Metropolitan Bank	Dec. 31	146,887	130,405	8	8
Bank of New Brunswick.................	Dec. 31	142,180	136,305	13	13
Home Bank of Canada..................	May 31	95,832	83,958	6	6
Sterling Bank of Canada.................	Apr. 30	92,832	64,146	5	5
United Empire Bank.....................	Dec. 31	44,686	27,700	5	4
Union Bank of Halifax..................	Jan. 31	214,415	182,057	8	8
Farmers Bank of Canada (b)............	Dec. 31		41,107		4
St. Stephens bank (b)....................	Apr. 30		13,729		5
		$14,008,425	$12,503,657		

(a) Molsons Bank: Profits, less business tax, deducted by other banks before declaration.

(b) Farmers Bank of Canada and St. Stephen's Bank, failed during 1910.

further transfer of funds to the Dominion. And on the other hand a slackening of mercantile activity would have a tendency in the other direction.

PROFITS.

As regards profits, 1910 has, on the whole, been favorable. For call loans carried in London and New York, of which the banks always own a large amount, a somewhat higher ratio of earning has been secured. And the strong pressure for credits emanating from the commercial customers in Canada has naturally affected the domestic profits favorably. In the table shown on opposite page is a list of the amounts reported in 1910 by the individual banks and a comparison with 1909.

In this table the banks are arranged in order according to the amount of profits claimed in 1910. All the going banks are included except two. One —Banque Provinciale—had not published its profits at the date of writing this article; the other—Bank of Vancouver—is a new bank which had not yet completed its first fiscal year.

It will be noted that the Canadian Bank of Commerce appears at the head of the list, showing profits some forty thousand dollars in excess of those reported by the Bank of Montreal. In the matter of actual earnings, it is altogether likely that the Bank of Montreal stands at the head of the list. Its policy regarding expenditures upon bank premises has the effect of making its earnings appear less. All expenditures by the Bank of Montreal upon bank buildings are made from current profits, and the profits are declared after the expenditures are provided for.

The Canadian Bank of Commerce and nearly all of the other banks debit bank premises account with expenditures on new buildings for the branches, and then at the end of the year appropriate a round amount from profits, after the declaration, for the purpose of writing down bank premises account. The appropriation thus made by the Bank of Commerce in 1910 was $300,000.

The profits of the twenty-six banks appearing in the 1910 list were $1,500,000 greater than the profits reported in 1909 by twenty-eight banks. A number of dividend increases were made during the year. The fractional rates appearing in the table represent the payment of a full one per cent. increase for a part of the year.

A FORECAST FOR 1911.

The outlook for profits in 1911 is, on the whole, satisfactory. The banks have their funds well employed in domestic mercantile advances at good rates. And as the year opens they are earning good profits. Whether conditions will remain satisfactory throughout the year is another matter. Much will depend on the course of trade in the United States. If a serious depression or reaction is experienced south of the international boundary, then it is to be expected that the demand for bank credits in Canada will slacken.

FAILURES AND ABSORPTIONS.

During the year there were two failures. In the spring the St. Stephens Bank, a small, single office bank in the Province of New Brunswick, closed its doors. Depositors were paid in full, but the stockholders lost a considerable part of their investment. And in the middle of December the Farmers Bank of Canada suspended at Toronto. This latter episode is one of the most disgraceful failures in Canadian banking history. The Farmers was a new bank, inaugurated a little more than four years ago. It now appears that fraud was resorted to in getting the certificate of permission to do business. And since that, the questionable or evil deeds of its manager followed each other in steady succession. It had a capital of less than $600,000, yet a sum nearly equal to twice that amount was put into advances to a Cobalt mine, owned by the general manager and his friends.

The stockholders will be called on to pay their full 100 per cent. of double liability, and even then the creditors

will probably receive only a part of their rightful claims. The circumstances in connection with this failure are looked upon as likely to lead to the institution of government inspection or some other outside inspection of banks.

Production and Trade.

The year 1910 was unfavorable in that it saw a partial failure of the Western Canadian production of grain. The three provinces of Manitoba, Alberta and Saskatchewan yielded of wheat, oats and barley a total nearly 100,000,000 bushels less than in 1909. The following are the figures for the last four years as compiled by the Manitoba Free Press:

	Wheat Bushels.	Oats Bushels.	Barley Bushels.
1907	70,922,584	74,513,561	19,187,449
1908	96,863,689	108,987,855	24,050,645
1909	119,200,000	163,998,752	30,542,000
1910	101,236,413	108,301,090	7,130,770

In Eastern Canada, agricultural results were more favorable. In fact, the farmers of the East had a decidedly prosperous year; and their good circumstances helped materially to offset the Western disappointment.

The Yield of Silver.

The Cobalt field has gained considerably in prestige as a producer of silver during 1910. The mines received the long expected electric power late in the spring, but it was not till the last quarter of the year that the full effects of the improved working was seen. Several of the leading mines report a production in the last three months of the year equal to or exceeding that for the preceding nine months. On the whole, the value of the silver extracted during 1910 is said by Alexander Gray, the well-known mining authority, to be fourteen per cent. in excess of the yield for 1909. The prospects are for a large increase in the yield in 1911, and much larger dividends are expected from some of the principal companies. The production for the past seven years is given as follows:

	Tons shipped.	Value.
1904	158	$111,887
1905	2,144	1,360,503
1906	5,335	3,667,551
1907	14,788	6,155,391
1908	25,624	9,133,378
1909	29,942	12,461,576
1910	*33,500	14,500,000

*Estimated.

Immigration.

The improvement in the immigration movement noticed in 1909 continued during 1910. The figures for 1907, 1908, 1909 and 1910 are:

1907	268,337
1908	143,754
1909	182,670
1910	325,000

In numbers, a new high record was scored. Also the immigrants of 1910 are of a better class than Canada ever previously received. The immigration authorities are confidently anticipating that 500,000 people will be absorbed by the Dominion in 1911. If this is achieved it will amount to about half the volume of immigration received by the United States in recent years. And the fact must operate importantly to improve the Dominion's general prospects.

DRAFTS OF PROPOSED LAWS RECOMMENDED BY THE AMERICAN BANKERS' ASSOCIATION FOR ENACTMENT DURING 1911

An Act relative to payment of deposits in trust.

Be it enacted, etc.

Section 1. Whenever any deposit shall be made (specify institutions) by any person in trust for another, and no other or further notice of the existence and terms of a legal and valid trust shall have been given in writing to the bank, in the event of the death of the trustee, the same, or any part thereof, together with the dividends or interest thereon, may be paid to the person for whom said deposit was made.

Statement.

The above is a necessary, or at all events desirable, law to protect or justify the bank in making payment of a deposit made by one person in trust for another, to the beneficiary upon death of the trustee, in the absence of any other written notice of the existence and terms of a legal and valid trust. Its language is permissive, not compulsory. Originally enacted in New York in 1875 as applicable to savings banks, it has since been embodied in the legislation of a large number of States. In some of the States, its provisions have been amplified, as will appear below. The Massachusetts law, which differs from New York in requiring name and residence of beneficiary to be disclosed at time of deposit, in specifically providing that credit shall be given to depositor as trustee, and in adding that payment, upon trustee's death, may be made to legal representative, as well as to beneficiary, has been followed as a model in several States.

Enactments.

1875 New York (now part of Section 114 of Banking law, applicable to Savings Banks): Text as above, excluding words in parenthesis.

1876 Massachusetts (applicable to Savings Banks): "If a deposit be made with such corporation by one person in trust for another, the name and residence of the person for whom it is made shall be disclosed, and it shall be credited to the depositor as trustee for such person; and if no other notice of the existence and terms of a trust has been given in writing to the corporation, the deposit, with the interest thereon, may in case of the death of the trustee, be paid to the person for whom such deposit was made, or to his legal representative."

Following the original enactments in New York and Massachusetts as above the States in which laws of this character have been passed, up to and including the year 1910 are given below in alphabetical order:

California (Part of Section 16, Banking Law of 1909): Substantially the same as first above. Made applicable to "any deposit with a bank." (The word "bank" is elsewhere defined to include every person, firm, company, copartnership or corporation which conducts the business of receiving money on deposit.)

Connecticut (Chap. 122, Laws 1899, Section 3436, General Statutes): "When a deposit is made in any savings bank by one person in trust for another, the name and residence of the cestui que trust and the nature of the trust shall be disclosed, and the deposit shall be credited to the depositor as trustee for such person; and in case it be a trust created by deed, will, or judicial appointment, a certificate to that effect shall be filed at the time of the deposit. If no notice of the existence and terms of such a trust has been given

in writing to the bank, in the event of the death of the trustee, the deposit, with the interest thereon, may be paid to the cestui que trust."

Maine (Banking Law, Part of Section 19): "Whenever a deposit is made in trust, the name and residence of the person for whom it is made, or the purpose for which the trust is created, shall be disclosed in writing to the bank, and the deposit shall be credited to the depositor as trustee for such person or purpose; and if no other notice of the existence and terms of a trust has been given in writing to the corporation, the deposit, with the interest thereon, may, in the event of the death of the trustee, be paid to the person for whom such deposit was made, or to his legal representative, or to some trustee appointed by the court for that purpose."

Maryland (Sec. 71 Banking Law 1910): Substantially same as first above; institutions specified "bank, savings institution or trust company"; words "in writing" omitted; words "together with the dividends or interest thereon" changed to "and any interest due thereon."

Michigan (1909, No. 248, Section 2): Substantially the same as first above, made applicable to deposits of money "in any bank or trust company," with the following provision at end of Act: "and the receipt or acquittance of such beneficiary to whom such payment is made shall be a valid and sufficient release and discharge to said depository for all payments so made; provided that said deposit shall not exceed the sum of five hundred dollars."

Minnesota (Laws 1907, Chap. 468, Part of Section 6): Substantially the same as first above. Applies to deposits in banks or savings banks.

Missouri (Laws of 1909, page 370): Substantially the same as first above; applies to deposits in "any bank, banking institution or trust company." A further provision, covering payments in the lifetime of the trustee, is as follows: "Whenever any deposit shall be made in any bank, banking institution or trust company by any person as trustee, or by any person in trust for another, and no other or further notice of the existence and terms of such trust shall have been given in writing to the bank, banking institution or trust company, the same may be paid upon the check or order of said trustee, bearing his signature and containing the same words in which said deposit was made."

A law substantially the same as first above applies to deposits in "savings and safe deposit institutions." (Rev. Stat., Art. XIII, Part of Section 13.)

Montana (Laws of 1909, Chap. 39): Same as first above; institutions specified as follows: "in any bank, savings bank, banking institution or trust company."

New Jersey (Savings Bank Act; Part of Sec. 26): The same as first above, continuing with the following addition: "or to his legal representatives; provided, no minor shall withdraw any deposit in his name from any account in which the first deposit was actually made by any person other than such minor, without the consent in writing of the person actually making such deposit, or his legal representative, if any; and if none, without the written consent of the natural or legal guardian of such minor."

Similar enactment to first above, in Trust Company Law of New Jersey, added by Chap. 210, Laws of 1903, words "trust company" inserted in place of "bank," and proviso reading: "Provided that the person for whom the deposit was made, if a minor, shall not draw the same during his or her minority without the consent of the legal representative of said trustee."

North Carolina (Chap. 459, Laws 1909, Section 1): "Whenever any deposit shall be made in any bank, banking institution or trust company doing business in this State by any person in trust for any person who is a minor of the age of fifteen years, and upward, and no other or further notice of the existence and terms of a legal and valid trust shall have been given to the bank, in the event of the death of the trustee, the same, or any part thereof, together with the dividends or interest thereon,

may be paid to the person for whom said deposit was made. Provided the amount of said deposit is not in excess of fifty dollars."

PENNSYLVANIA (Act of May 20, 1889, relative to savings banks): Substantially the same as first above.

RHODE ISLAND (Banking Law of 1908, Section 66): Substantially the same as the Massachusetts statute, but made applicable to deposits "with any bank, savings bank or trust company."

TEXAS (Banking Law of 1905, Part of Section 25, relating to Savings Banks): Substantially the same as first above. (Section 13 of the Bank Guaranty Law of 1909 permits the establishment of savings departments by any State bank or banking or trust company and makes the provisions of law as to savings banks applicable to such savings departments.)

VERMONT (General Laws, Section 4638): Substantially the same as the Massachusetts statute, but made applicable to deposits "in a savings bank, savings institution or trust company."

WEST VIRGINIA (Savings Bank Law, Section 36): Substantially the same as the Massachusetts statute.

WISCONSIN (Banking Law, Chap. 2, "State Banks"; part of Section 2024-46): Substantially the same as first above; applies to deposits made in "any bank."

An Act relative to payment of deposits in two names.

Be it enacted, etc.

Section 1. When a deposit has been made, or shall hereafter be made, in any (specify institutions) transacting business in this State in the names of two persons, payable to either, or payable to either or the survivor, such deposit, or any part thereof, or any interest or dividend thereon, may be paid to either of said persons whether the other be living or not; and the receipt or acquittance of the person so paid shall be a valid and sufficient release and discharge to the bank for any payment so made.

STATEMENT.

The above is the text of a law, first enacted in 1906 in New Jersey, applicable solely to savings banks, designed to clear up the legal doubt concerning the authority of a savings bank, upon the death of one of the two parties to a two-name account, to pay over the deposit to the survivor. In 1907 (Ch. 40) New Jersey passed another law, the same as above, making it applicable to deposits in banks and trust companies, ending the act with "living or not" and omitting the clause "and the receipt or acquittance of the person so paid shall be a valid and sufficient release and discharge to the bank for any payment so made."

The New Jersey legislation has been followed in other States, as shown below. In a few States, it is confined to savings banks; in the majority it is also made applicable to two-name deposits in other institutions. In Louisiana it is extended to deposits in safe deposit vaults. In Washington the act does not apply to deposits in excess of $300. In some of the States the legislation contemplates that savings deposits may be made in the names of more than two persons. In New York, California and Michigan the law goes beyond an authority to the bank to pay and creates a joint tenacy title in the parties.

ENACTMENTS.

1906 NEW JERSEY: Section 26 of act concerning savings banks, same as above except words "in any * * * transacting business in this State," do not appear.

1907 NEW JERSEY: Ch. 40. Another law same as above making it applicable to deposits in banks and trust companies, ending the act with "living or not" and omitting the clause "and the receipt or acquittance of the person so paid shall be a valid and sufficient release and discharge to the bank for any payment so made."

1907 CONNECTICUT: Ch. 61: "When a deposit has been or shall be made in any savings bank in the name of two

persons and payable to either or to the survivor, such deposit, or any part thereof, or any interest or dividend thereon, may be paid to either of said persons, and the receipt of the person so paid shall be a valid and sufficient release and discharge on account of the payment so made."

1907 MAINE: Chapter 66 amends Savings Bank Act by providing: "When money is deposited in the names of two or more persons, payable to either, the whole or any part thereof, may be paid to either of such persons with or without the consent of the other, before or after the death of the other." Chapter 119 enacts law as first above set out, applicable to banks and trust companies.

1907 MINNESOTA: Chapter 468. (Concluding Part of Sec. 6.) "And whenever any deposit shall be made by or in the names of two or more persons upon joint and several account, the same or any part thereof and the dividends or interest thereon may be paid to either of such persons or to a survivor of them or to a personal representative of such survivor." (Refers to "any deposit made in any bank or savings bank.")

1907 OREGON: Chapter 138. General Banking Law, Section 19, concluding portion: "When a deposit has been made or shall hereafter be made in the name of two persons, payable to either, or payable to either or the survivor, such deposit or any part thereof, or interest or dividends thereon, may be paid to either of said persons whether the other be living or not, and the receipt or acquittance of the person so paid shall be valid and sufficient release and discharge to the bank for any payment so made. This section shall apply to all banking institutions, including national banks, within this State."

1907 WASHINGTON: Chapter 80. "When a deposit has been made or shall hereafter be made in any bank or trust company transacting business in this State in the name of two persons, payable to either of such persons, such deposit or any part thereof, or interest or dividends thereon, may be paid to either of the said persons whether the other be living or not and the receipt or acquittance of the person so paid shall be valid and sufficient release and discharge to such bank or trust company for any payment so made: Provided, that this act shall not apply to deposits in excess of three hundred ($300) dollars."

1908 RHODE ISLAND: Section 67, General Banking Law. "When a deposit has been or shall be made in any bank, savings bank or trust company in the name of two persons and payable to either or to the survivor, such deposit, or any part thereof, or any interest or dividend thereon, may be paid to either of said persons, whether the other be living or not, and the receipt of the person so paid shall be a valid and sufficient release and discharge on account of the payment so made."

1908 LOUISIANA: (1) "That when a deposit has been made, or shall hereafter be made, in any bank, savings bank or trust company transacting business within this State, under the names of two or more persons, payable to either or payable to either of the survivors, such deposit, or any part thereof, or any interest or dividend thereon, may be paid to either of said persons, whether the other or others be living or not, and the receipt or acquittance of the person so paid shall be a valid, sufficient and complete release and discharge of the bank, savings bank, or trust company for any payment so made." (2) "That when a safety deposit vault shall have been hired, or shall hereafter be hired from any bank, savings bank or trust company, transacting business in this State, under the names of two or more persons, with the right of access being given to either, or with access to either of the survivor or survivors of said persons, such survivor or survivors, whether the other or others be living or not, shall have the right of access to such deposit vault, and may remove therefrom the contents of said box; provided, that in all cases where such removal shall have been made, the said bank, savings bank or trust company shall be exempt from any liability for permitting the said survivor or survivors access thereto."

1909 MONTANA: Chap. 110. Same as first above; institutions specified "bank, savings bank, banking institution or trust company."

1909 NEBRASKA: Chap. 9, Section 1. (Deposits by several persons—Payment.) "When a deposit in any bank in this State is made in the name of two or more persons, deliverable or payable to either, or to their survivor or survivors, such deposit or any part thereof, or increase thereof, may be delivered or paid to either of said persons or to the survivor or survivors in due course of business."

1909 NEW HAMPSHIRE: Chapter 92. Same as first above; institution specified "savings bank." Also at end of act following proviso added: "Provided, however, that if one of the parties has deceased, and the bank officials have knowledge of the fact, payment shall not be made to the survivor until the State treasurer has certified that no taxes are due the State under the provisions of Chapter 40 of the Laws of 1905 and amendments thereto, on account of the interest of said decedent in said deposit or that all taxes due have been paid."

1910 MARYLAND (Sec. 72, Banking Law): Same as first above, except that words "transacting business in this State" omitted; institutions specified "bank, savings institution or trust company."

1910 OHIO (House Bill No. 211, approved April 23): Same as first above; institutions specified "bank, savings bank, banking association or trust company."

JOINT TENANCY OF TWO-NAME DEPOSITS WITH AUTHORITY TO BANK TO PAY.

1907 NEW YORK: Chapter 247 amends Section 114 of the Banking Law, relative to the payment of deposits in savings banks, by adding thereto: "When a deposit shall be made by any person in the names of such depositor and another person and in form to be paid to either or the survivor of them, such deposit thereupon and any additions thereto made by either of such persons upon the making thereof shall become the property of such persons as joint tenants and the same together with all interest thereon shall be held for the exclusive use of the persons so named and may be paid to either during the lifetime of both or to the survivor after the death of one of them and such payment and the receipt or acquittance of the one to whom such payment is made shall be a valid and sufficient release and discharge to said bank for all payments made on account of such deposit prior to receipt by said bank of notice in writing not to pay such deposit in accordance with the terms thereof."

1909 CALIFORNIA: (Part of Section 16, Banking Law 1909.) "When a deposit with a bank shall be made by any person in the names of such depositor and another person or persons, and in form to be paid to either or the survivor or survivors of them, such deposit thereupon, and any additions thereto made by either of such persons upon the making thereof, shall become the property of such persons as joint tenants, and the same, together with all interest thereon, shall be held for the exclusive use of the persons so named, and may be paid to either during the lifetime of all or any or to the survivor or survivors after the death of one or more of them, and such payments and the receipt or acquittance of the one to whom such payment is made shall be a valid and sufficient release and discharge to said bank for all payments made on account of such deposit." (The word "bank" is defined to include every person, firm, company, copartnership or corporation which conducts the business of receiving money on deposit.) By Chap. 75, Laws of California, 1907, it was provided: "When a deposit is made in the name of two or more persons, deliverable or payable to either or to their survivor or survivors, such deposit or any part thereof, or increase thereof, may be delivered or paid to either of

said persons or to the survivor or survivors in due course of business."

1909 MICHIGAN: Number 248, Section 3. "When a deposit shall be made in any bank or trust company by any person in the name of such depositor or any other person and in form to be paid to either or to the survivor of them, such deposits thereupon and any additions thereto, made by either of such persons, upon the making thereof, shall become the property of such persons as joint tenants, and the same together with all interest thereon, shall be held for the exclusive use of the persons so named and may be paid to either during the lifetime of both or to the survivor after the death of one of them, and such payment and the receipt or acquittance of the same to whom such payment is made shall be a valid and sufficient release and discharge to said bank for all payments made on account of such deposits prior to the receipt by said bank of notice in writing not to pay such deposit in accordance with the terms thereof."

An Act fixing the liability of a bank to its depositor for payment of forged or raised checks.

Be it enacted, etc.

Section 1. No bank which has paid and charged to the account of a depositor any money on a forged or raised check issued in the name of said depositor shall be liable to said depositor for the amount paid thereon unless either (1) within one year after notice to said depositor that the vouchers representing payments charged to the account of said depositor for the period during which such payment was made are ready for delivery, or (2) in case no such notice has been given, within one year after the return to said depositor of the voucher representing such payment, said depositor shall notify the bank that the check so paid is forged or raised.

Section 2. The notice referred to in the preceding section may be given by mail to said depositor at his last known address with postage prepaid.

STATEMENT.

The object of the proposed law is to fix a limit of time (one year or a shorter period) after which a bank will not be liable to its depositor because of its payment of money on a forged or raised check issued in the name of the depositor. The time begins to run when notice has been mailed the depositor that his paid vouchers are ready for delivery or, in case no such notice is given by the bank, the time runs from the return of the forged or raised check to the depositor as a voucher. Heretofore the New York statute, enacted in 1904 (which is printed below), has been recommended and such law has been passed, in substance, in a number of States with time limit ranging from one year down to thirty days. The New York law made the time run from the return of the forged or raised check to the depositor as a voucher. The proposed law has now been remodeled to cover, in addition, the numerous class of cases where notice is mailed to the depositor that his vouchers are ready for delivery, but the notice is ignored and the depositor does not obtain his vouchers from the bank.

ENACTMENTS.

1904 NEW YORK: "No bank shall be liable to a depositor for the payment by it of a forged or raised check unless within one year after the return to the depositor of the voucher of such payment, such depositor shall notify the bank that the check so paid is forged or raised."

1905 WISCONSIN: "No bank shall be liable to a depositor for the payment by it of a forged or raised check unless action therefore shall be brought against such bank within one year after the return to the depositor by such bank of the check so forged or raised as a voucher."

1905 CALIFORNIA: time limit "one year." Contained in Statute of Limitations and bars action one year after payment. It reads: "340. Within one year * * * An action * * *

by a depositor for the payment for a forged or raised check."

1905 So. Dakota: "Three months;" phraseology otherwise as in New York.

1907 Michigan: "Three months;" phraseology otherwise as in New York.

1907 Washington: "Sixty days;" phraseology otherwise as in New York, except "trust company" also expressly specified.

1907 Oregon: "Thirty days;" phraseology otherwise as in New York.

1908 New Jersey: "One year;" phraseology otherwise as in New York.

1909 Iowa: "Six months;" phraseology otherwise as in New York.

1909 Montana: "One year;" phraseology otherwise as in New York.

1909 No. Carolina: "Six months;" phraseology otherwise as in New York, except that "banking institution or trust company doing business in this State" inserted after word "bank" in first line; words "or order to pay money" inserted after "raised check" in second line and word "such" changed to "said" before word "depositor" in third line.

1909 No. Dakota: "Thirty days;" phraseology otherwise as in New York.

1909 Wyoming: "Three months;" phraseology otherwise as in New York.

An Act to punish the giving of checks or drafts on any bank or other depositary wherein the person so giving such check or draft shall not have sufficient funds or a credit for the payment of the same.

Be it enacted, etc.

Section 1. Any person who with intent to defraud shall make or draw or utter or deliver any check, draft or order for the payment of money upon any bank or other depositary, knowing at the time of such making, drawing, uttering or delivery that the maker or drawer has not sufficient funds in or credit with such bank or other depositary for the payment of such check, draft or order in full upon its presentation, shall be guilty of a (felony or misdemeanor), and upon conviction thereof shall be fined not more than five thousand dollars, or imprisonment not more than five years, or both. The making, drawing, uttering or delivering of such check, draft or order as aforesaid, shall be prima facie evidence of intent to defraud. The word "credit" as used herein shall be construed to mean an arrangement or understanding with the bank or depositary for the payment of such check, draft or order.

Statement.

The above draft of statute is designed to increase the protection against, and check the growth of, the pernicious practice of issuing and of negotiating "not good" checks, with intent to defraud, by expressly defining what constitutes this particular crime and providing adequate punishment. There are statutes in most of the States which make it criminal to obtain money or property by means of false representations or pretenses and many frauds by which value is obtained upon worthless checks have led to conviction and punishment thereunder; but under such statutes there have been many loopholes for escape.

Under the recommended draft it is not necessary to prove that money or property was obtained in order to constitute the crime. If A issues his worthless check to B, with intent to defraud, and B obtains money thereon, A can be punished although he personally obtained no value therefor and the liability of B to punishment will depend upon whether he negotiated the check innocently or fraudulently. Again, if A with like intent issues his worthless check to C upon which the latter is induced to give value to, or assume some obligation on behalf of B, A can be punished. Under false pretense statutes, furthermore, difficulties have sometimes arisen in proving (1) that the giving of the check under the circumstances of the particular case constituted a false representation or pretense within the meaning of the statute, and (2) that what had been given, done or omitted by the person relying on the check came within the definition of

money or property. These difficulties are obviated by the present draft under which the maker who issues and the holder (whether he be maker or another) who negotiates a check, knowing that there are insufficient funds behind it, and with intent to defraud, is punishable.

In the draft proposed a year ago, the words "with intent to defraud" were eliminated and the mere knowledge that a check was "not good" on the part of the person issuing or negotiating it, was made sufficient to constitute the crime. The theory was that no one should issue or negotiate a check, knowing that it was not good at the time, even though there was a hope or expectation of making it good before it was presented to the bank. But the view has been expressed from several quarters that such proposed statute was too drastic and that innocent people, who gave such checks without any intention of wrongdoing, might be punished thereunder.

It has accordingly been determined that the draft as now recommended goes as far as is practicable in defining the crime. While "intent to defraud" is made an element, the draft throws the burden of proof upon the accused by providing that "the making, drawing, uttering or delivering of such check, draft or order as aforesaid, shall be prima facie evidence of intent to defraud." Such a provision was added to the North Carolina act in 1909 and it is important to the efficacy of the statute.

ENACTMENTS.

1903 IDAHO: "Any person who shall in payment of any debt in whatsoever manner contracted give any check or draft upon any bank or banking association wherein such person shall not have sufficient funds or credit for the payment of the same, shall be guilty of a misdemeanor and upon conviction thereof shall be fined not to exceed five hundred dollars or imprisoned in the county jail not to exceed six months, or both such fine and imprisonment."

1903 INDIANA: "Any person who, with intent to defraud, by color or aid of a check, draft or order for the payment of money or the delivery of property, although no express representation is made in reference thereto, obtains from another any money or property, when the drawer or maker of such check, draft or order is not entitled to draw on the drawee for the sum specified therein, or to order payment of the money or delivery of the property, shall be deemed guilty of a felony and upon conviction thereof, shall be fined in any sum not less than one hundred dollars and not more than five thousand dollars, to which may be added imprisonment in the States' prison not exceeding five years."

1905 FLORIDA: "Sec. 1. Whoever gives, makes or issues to another any draft, order, or check either in his own behalf, or as agent for any person or persons, firm or corporation, upon any bank, banking house, person, firm, or corporation in payment for any goods or chattels, lands or tenements or other thing of value, the title or possession of which shall have been transferred upon the faith of the payment of such draft, order or check and shall not at the time of giving, making, or issuing such draft, order or check have sufficient money on deposit with such bank, or banking house, person, firm, or corporation to pay said draft, order or check, or have reason to believe from an existing contract or from previous dealings with the bank, banking house, person, firm or corporation drawn upon, that such draft, order or check will be paid, and who upon the non-payment of such draft, order or check by the bank, banking house, person, firm or corporation drawn upon, shall not within twenty-four hours after notice of the presentation to and non-payment by such bank, banking house, person, firm or corporation of such draft, order or check, make full and complete restitution by returning the consideration received for such draft, order or check to the person or persons in whose favor such draft, order or check was made payable, provided the same shall not have been transferred by the payee, or by paying the amount of the same to

the payee or the lawful holder thereof if the same shall have been transferred shall be deemed guilty of felony, and upon conviction shall be punished by imprisonment in the State prison for a period not greater than ten years, or by fine not exceeding three thousand dollars, or by both such fine and imprisonment."

1905 Washington: "Any person who shall, with intent to defraud, make or draw or utter or deliver to another person any check or draft on a bank or other depositary for the payment of money, knowing at the time of such drawing or delivery that he has not sufficient funds in, or credit with, said bank or depositary to meet said check in full upon its presentation, shall be guilty of a felony, and upon conviction thereof shall be punished bv imprisonment in the penitentiary for not more than five years or less than one year, or imprisonment in the county jail for any length of time not exceeding one year. The word 'credit' as used herein shall be construed to mean an arrangement or understanding with the bank for payment of such check or draft."

1907 California: "Every person who, wilfully, with intent to defraud, makes or draws or utters or delivers to another person any check or draft on a bank, banker or depositary for the payment of money, knowing at the time of such making, drawing, uttering or delivery, that he has not sufficient funds in or credit with such bank, banker or depositary to meet such check in full upon its presentation, is punishable by imprisonment in the State prison for not less than one year nor more than fourteen years. The word 'credit' as used herein shall be construed to be an arrangement or understanding with the bank or depositary for the payment of such check or draft."

1907 North Carolina: "That every person who, with intent to cheat and defraud another, shall obtain money, credit, goods, wares, or anything of value by means of a check, draft or order of any kind upon any bank, person, firm or corporation, not indebted to drawer, or where he has not provided for the payment or acceptance, and the same be not paid upon presentation, shall be guilty of a misdemeanor, and upon conviction, shall be fined or imprisoned, or both, at the discretion of the court. *The giving of the aforesaid worthless check, draft or order shall be prima facie evidence of intent to cheat or defraud." (Added by Chap. 647, Laws 1909.)*

1908 Rhode Island: (Section 77, Banking Law of 1908.) "Any person who shall with intent to defraud, make or draw or utter or deliver to another person any check, draft, or order on a bank, savings bank, or trust company, knowing at the time of such drawing or delivery that he has not sufficient funds or credit with said bank, savings bank, or trust company to meet said check, draft, or order in full upon its presentation, shall, upon conviction thereof, be fined not less than five hundred dollars or more than five thousand dollars, or imprisonment not less than six months or more than five years, or both such fine and imprisonment. The word 'credit' as used herein shall be construed to mean an arrangement or understanding with the bank, savings bank, or trust company for payment of such check, draft or order."

1909 South Carolina: "Any person who shall hereafter draw and utter any check, draft or order upon a bank, banking house, person, firm or corporation with which or whom he has not at the time sufficient funds to meet the same and shall thereby obtain from another, money or other thing of value, or induce such person to surrender or postpone any remedy he may have agents (against) such drawer shall be guilty of a misdemeanor, and upon conviction shall be punished by fine or imprisonment in the discretion of the court; the offense to be within the jurisdiction of the magistrate's court, if the value of the property obtained be less than twenty dollars and be punished by a fine not exceeding one hundred dollars or imprisonment not exceeding thirty days; provided that if such person shall deposit with the drawee of such paper within thirty days thereafter funds suffi-

cient to meet the same, with all costs and interests which may have accrued, the prosecution under this act shall be discontinued."

1909 TENNESSEE: Section 1. "That it is hereby declared to be unlawful for any person, firm, or corporation to draw any check upon any other person, firm, or corporation where the drawer of such check has not had an account or credit with the person, firm, or corporation upon whom such check is drawn within a period of sixty days from the date of the drawing of such check; and for any person drawing any check upon any person, firm, or corporation, knowing that there are not funds to meet the same and that the same will not be honored."

Section 2. "That any person, firm, or corporation drawing a check upon any other person, firm, or corporation in violation of Section 1 of this Act, and the check is not paid by the bank or person on whom it is drawn, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be fined not less than one hundred dollars ($100) nor more than two hundred and fifty dollars ($250), and imprisoned for a period of not less than sixty days nor more than ninety days."

1909 WYOMING: "Any person who shall, with intent to defraud, make or draw or utter or deliver to another person, company or corporation any check, draft or order for the payment of money upon any bank or other depositary, when the person at the time of such making, drawing, uttering or delivery is not entitled to make, draw, utter or deliver said check, draft or order, shall be guilty of a felony, and, upon conviction thereof, shall be fined not more than five thousand dollars or imprisoned in the penitentiary not more than five years, or both."

1910 VIRGINIA: (Chap. 252.) "That any person who shall obtain, with fraudulent intent, money or other property which may be the subject of larceny, or who shall obtain credit with like intent, by means of a check, draft or order, of which he is the maker or drawer, which is not paid by the drawee, shall be deemed guilty of the larceny of such money or other property, or of anything of value obtained on such credit, unless payment of such check, draft or order be made on demand in writing mailed to the drawer's last known address; and the fact that such maker or drawer did not have on deposit or to his credit with the bank, person, firm or corporation upon which such check, draft or order is drawn sufficient funds to pay the same when presented, unless such check or draft is paid or accepted when presented, shall be prima facie evidence of fraudulent intent."

(To be continued)

RECENT DECISIONS OF INTEREST TO BANKERS

COLLECTIONS—LIABILITY OF TRANSMITTING BANK FOR FAILURE OF CORRESPONDENT TO REMIT PROCEEDS.

BROWN vs. PEOPLES BANK.

SUPREME COURT OF FLORIDA, DIVISION A, JUNE 4, 1910.

In the absence of special agreement a bank receiving paper for collection is liable for the amount thereof to its customer though its correspondent fails to remit the proceeds.

The statute of Florida which establishes a contrary rule does not apply to transactions which occurred prior to its enactment.

WHITFIELD, *C.J.:* Brown indorsed in blank and deposited in the St. Augustine bank a check drawn in his favor and payable in Miami. The amount of the check was credited to Brown, and he was given a pass book showing the credit. The bank sent the check for collection through its banking correspondents, but the collecting bank at Miami failed after the amount of the check was paid to it, and did not remit to the St. Augustine bank. The credit to Brown by the bank of deposit was canceled and payment refused.

Action was brought March 21, 1908, against the bank to recover the amount of the check. The court directed a verdict for the defendant, and the plaintiff took writ of error.

In a number of jurisdictions it is held that in the absence of a statute or special agreement where commercial paper payable in one locality is deposited with a bank in another locality, and the bank of deposit uses due care and diligence in selecting the collecting agent and in forwarding the paper for collection, it is not liable for the failure of the agency to pay the proceeds of the paper when collected, upon the theory that the depositor knows the bank must act through some agency in making the collection at a distance, and therefore impliedly, from the nature of the business, assents to the employment of such agency, and makes them his agents. (1 Morse on Banks, par. 267 et seq.; Fabens vs. Mercantile Bank, 23 Pick. [Mass.] 330; Second Nat. Bank of Louisville vs. Merchants' Nat. Bank of New Albany, Ind., 111 Ky. 930.)

In other jurisdictions it is held that, in the absence of a statute or agreement where commercial paper is deposited with a bank and has to be sent to a distant place for collection, the bank selects its agents for collection at its own risk, and, if the collection is made, the bank of deposit is liable, even though the collecting agent does not remit the collection. (2 Bolles on Banking, 575; Simpson vs. Waldby, 63 Mich. 439; Mackersy vs. Ramsays, 9 Clark & F., 818; Allen vs. Merchants' Bank of N. Y., 22 Wend. [N. Y.] 215; Exchange Nat. Bank of Pittsburgh vs. Third Nat. Bank of N. Y., 112 U. S. 276; 3 Am. & Eng. Ency. of Law [2d Ed.] 810, and notes.)

There is no statute or special agreement to control this case.

Sound reason and practical justice require the enforcement of the rule imposing liability for the loss of the proceeds of a deposited check upon the bank of deposit when the check is paid by the drawee in a distant city upon its presentation by the collecting agent of the depositing bank, where the depositor had no part in the selection of the collecting agent or in the collection. (See Power vs. First Nat. Bank of Ft. Benton, 6 Mont. 251; Streissguth vs. National German-American Bank, 43 Minn.; State Nat. Bank of Ft. Worth vs. Thomas Mfg. Co., 17 Tex. Civ. App. 214.)

If, being expressly or impliedly authorized to do so, an agent employs a sub-agent for his principal, then the sub-agent is the agent of the principal, and is directly responsible to the principal for his conduct, and, so far as damage results from the conduct of the sub-agent, the agent is only responsible for a want of care in selecting the sub-agent. But if the agent, having undertaken to do the business of his principal, employs a servant or agent on his own account to assist him in what he has undertaken, such a sub-agent is an agent of the agent, and is responsible to the agent for his conduct, and the agent is responsible to the principal for the manner in which the business has been done, whether by himself or by his servant or agent. This liability extends to defaults as well as negligence. (Barmard vs. Coffin, 141 Mass. 37; 2 Clark & Skyles on Agency, par. 428, p. 971.)

This rule is generally recognized in cases involving the law of agency, but its application to varying facts and circumstances has not always led to the same result.

In this case the bank of deposit at St. Augustine received from the depositor a check indorsed in blank which at least prima facie carried title to the bank, and the undertaking of the bank was to do on its own account everything necessary to collect the check as the basis of the credit given by the bank to the depositor upon the indorsement and delivery of the check to it. This undertaking included the sending of the check to Miami, the demand for and receipt of the amount it called for, and the return of the amount to the bank of deposit at St. Augustine, where it had already been credited to the depositor and a pass book showing the credit given to the depositor. The relation of

debtor and creditor was established between the depositor and the bank by the deposit. There is nothing in the transaction between the depositor and the bank of deposit indicating any reservation to the indorser of title or right in the check or any directions or agreement express or implied as to the manner of its collection. By the indorsement in blank and delivery of the check the depositor engaged that, on due presentation, the check would be paid, and if not honored, and the necessary proceedings on dishonor be duly taken, that he would pay the amount to the holder of the check. Section 2999, Gen. St. 1906. The consideration to the bank was the use of the check in its dealings with other banks, and the use of the proceeds after collection. For the continued use of the money interest at the rate of four per cent. per annum was to be allowed to the depositor upon amounts remaining on deposit continuously for at least six months. The use of the check and the contingent use of the proceeds were a sufficient consideration for both the collection and the interest allowed. The depositor lost control over, and transferred his title to, the check by its indorsement and delivery to the bank. In return he received a credit with the bank. His only obligation was that the check should be paid upon due presentation. This obligation was discharged by the payment of the check when it was presented to the drawee. The depositor had no part in selecting the agent to make the collection or in the collection. Taking the check as indorsed indicated ability and desire to use it.

The transaction between the parties contemplated the binding relation of debtor and creditor contingent only upon the payment of the check. The bank selected its own agents to collect the check for it. After payment of the check, the depositor was not liable for a loss resulting from the bank's selecting of its own agent.

The bank necessarily had far better opportunities to know of the safest agencies for the collection of the check, and it made its own selection of its agents without reference to the depositor. There was no ground upon which the law could imply authority from the depositor to the bank for the selection of an agency for collecting the check that would be the depositor's agency. The bank owned the check and the depositors had a credit for it. The depositor needed no agent. No such agency was contemplated by the plaintiff or by the law. There was no privity of contract or relation between the depositor and the collecting agent. The pass book contained the "Rules and Regulations Governing Deposits and Depositors," which were assented to, and they do not include any suggestion that the check deposited was received on any condition or contingency whatever. The law imposed the condition that, if the check be not paid on due presentation, the indorsee should pay the amount to the holder of the check. The loss resulted from the selection by the bank of its own agent to collect a check to which it had title and possession.

It was agreed that it was to be considered that, over the objection of the plaintiff Brown, it was shown in evidence that the check was sent for collection "according to the usual and customary business of banks in St. Augustine, Fla., on and in making such collections; that according to the usual and customary manner of doing such banking business in the city of St. Augustine and in the State of Florida generally that so receiving and crediting a check on deposit is done and made subject to the actual collection of said check and the receipt of the proceeds thereof by the bank so receiving the same of deposit and crediting same, and is subject to be corrected and such credit to be canceled or done away with in case such check should not be actually collected and its proceeds actually received by such bank, and that defendant in receiving for deposit and crediting said check to plaintiff as aforesaid acted upon said general understanding and manner of doing such banking business and with intent of so receiving and crediting said check, although there

was no discussion of that matter with the plaintiff." It was also agreed that it was shown that the plaintiff was an experienced business man engaged for many years in a general merchandise business in Florida, and that he never knew of any such custom as above stated. It was further agreed to be considered that over the objection of the defendant bank it was shown in evidence that it is "customary for banks in Florida to have printed on the cover of the pass books issued to depositors a notice or rule substantially in these words, viz., 'check, drafts, etc., deposited for credit or collection are taken at risk of depositor until final actual payment is received. This bank will assume no responsibility for neglect or default of collecting agents.'" No such notice or rule was printed or written in the pass book issued to plaintiff by defendant.

It appearing that the plaintiff knew of no custom by which banks took checks as deposits subject to the final receipt of the proceeds thereof by the bank of deposit, and that no such custom or purpose was disclosed to him when the deposit was made so as to bind the depositor by such knowledge or implied assent, the testimony on this subject was not admissible; it being contrary to the rule of liability imposed by law.

The testimony as to the custom for banks in Florida to have printed on the pass books issued to depositors a notice or rule that checks, etc., are taken on deposit at the risk of the depositor until final actual payment is received, and that the bank assumes no responsibility for neglect or default of collecting agents, is consistent with the rule of law on the subject, and admissible in evidence. The custom contemplates the existence of liability unless otherwise impliedly agreed to by the acceptance of the pass books with the rule of exemption printed thereon. As no such rule or notice was indorsed on the pass book delivered to the plaintiff showing the unconditional credit to him, the rule of liability contemplated by the custom to have the notice placed on the pass books of banks in this State is applicable under the facts of this case. No negligence on the part of the bank of deposit is shown here, but this is not essential to liability. The liability arises out of the contract relation of debtor and creditor created by the deposit. The check having been paid to the agent of the defendant bank who was not the agent of the plaintiff, the plaintiff's undertaking that the check would be paid is performed; and the defendant's credit to the plaintiff should have stood as originally made. The failure of the bank of deposit to pay the amount upon the demand of the plaintiff makes a liability in his favor.

Subsequent to the bringing of this action the Legislature enacted chapter 5951, approved June 8, 1909, which contains the following provisions:

"Section 1. That when a check, draft, note or other negotiable instrument is deposited in a bank for credit, or for collection, it shall be considered due diligence on the part of the bank in the collection of any check, draft, note or other negotiable instrument so deposited, to forward en route the same without delay in the usual commercial way in use according to the regular course of business of banks, and that the maker, endorser, guarantor or surety of any check, draft, note or other negotiable instrument, so deposited, shall be liable to the bank until actual final payment is received, and that when a bank receives for collection any check, draft, note or other negotiable instrument and forwards the same for collection, as herein provided, it shall only be liable after actual final payment is received by it, except in case of want of due diligence on its part, as aforesaid.

"Sec. 2. All laws which are in conflict with this act are hereby repealed, and this act shall take effect immediately upon its approval by the Governor."

A legislative regulation may be declaratory of the common-law rules of liability of procedure, or it may modify or change such rules. The rule of liability herein announced being the rule con-

sistent with the jurisprudence of this State and its commercial conditions and practices, as recognized in the custom to proclaim a rule or notice to avoid by acquiescence the consequences of the rule of liability, the legislation above quoted wah manifestly designed to change the existing rule, and, being prospective merely, does not affect this case. (See Carney vs. Hadley, 32 Fla. 344; Vinson vs. Palmer, 45 Fla. 630; Lewis' Sutherland Stat. Const. pars. 11, 294, 329.)

The judgment is reversed.

NOTES ON CANADIAN CASES AFFECTING BANKERS

[Edited by John Jennings, B.A., L.L.B., Barrister, Toronto]

BANKS AND BANKING — ADVANCES BY BANK ON SECURITIES PLEDGED—DEFAULT—NOTICE—SALE OF SECURITIES—BANK ACT, SEC. 77 (2), 78.

HEALEY VS. HOME BANK OF CANADA (2 O. W. N. page 550.)

THIS was an appeal by the plaintiff from the judgment of the trial judge, the facts in connection with which appear sufficiently from the extract from the judgment of the Appellate Court which was delivered by Mr. Justice Clute.

JUDGMENT (Sir WM. MULOCK, *C.J.*, CLUTE and SUTHERLAND, *J.J.*): I take the fair meaning of the evidence and the findings of the learned trial judge to be, that the defendants made the advances upon the warrants upon the understanding that, having regard to the current price, the plaintiff should preserve a margin of from $100 to $150 on each warrant; that he failed to do this; that the defendants gave him notice, not only by letter, but through their manager, that they would avail themselves of any opportunity to dispose of the scrip so as to save them from loss, and, if they were unable to do so, and if they suffered loss, they would hold him for the difference; that, after an ineffectual attempt on his part to dispose of the scrip, he paid no further attention to the matter until there was a rising market; that he then made arrangements with a friend of his, who agreed to pay off the defendants and hold the scrip for their (the plaintiff's and his friend's) joint profit; that he called at the bank on the sixth, seventh and eighth of December, with a view of ascertaining the exact amount due to the defendants, in order to pay the same, and that he was unable to see the manager. It does not appear that he had the money with him on either of these occasions to pay the defendants, or that any tender was made, or that the defendants refused to deliver up the scrip upon being paid the amount due by him. He did not call after the eighth until the thirteenth of December, when he found that the scrip had been disposed of on the ninth, tenth and eleventh of December.

The question is, whether, having regard to the relationship existing between the parties and the fact that the defendants held this scrip as security for advances, the defendants were justified, in the circumstances of this case, in disposing of the scrip when and as they did.

Section 78 of the Bank Act provides that a collateral security may, in case of default in payment of the debt for the securing of which it was acquired and held, be dealt with, sold and conveyed, whether in like manner and subject to the same restrictions as are provided in respect of stock of the bank on which they have acquired a lien under the act, or in like manner as and subject to the restrictions under which a private individual might, in like circumstances, deal with, sell and convey the same; provided that the bank shall not be obliged to sell within twelve months.

Section 77, sub-sec. 2, provides for the sale of stock upon which the bank

has a lien within twelve months after the debt has accrued and become payable, "provided that notice shall be given to the holder of the shares of the intention of the bank to sell the same, by mailing the notice in the post office . . . at least thirty days prior to the sale."

In my opinion, this section governs the present case. The letters of May 27 and 28 and June 5 are explicit notice to the plaintiff that the defendants will sell the warrants and in case of loss look to the plaintiff for the balance. This notice was sufficient after thirty days to authorize a sale of these securities. Nor do I think what took place on December 6, 7 and 8, 1909, in any way affected this right of the defendants.

Here was an account, largely overdrawn, that had stood for months, towards the liquidation of which the plaintiff had done nothing. His efforts had resulted in the sale of one warrant only. He knew that if the defendants could sell for sufficient to pay his indebtedness, they would do so. If, after the defendants had been able to sell for a price sufficient to pay his liability, they had not done so, he would, I think, have just cause to complain. He did not call on the morning of the ninth, nor until there was a substantial advance in the market. If there had been a fall in the market, he probably would not have been heard from. He does not make a formal tender or payment. After the rise, he is quite sure that he was ready to take them up; but what took place in the bank was not so understood by either Mr. Calvert or the manager. He wanted to make some arrangement to take up the scrip; and, after a careful reading of the evidence, I do not think the fair meaning of it is that he was ready on any of the days that he called to have paid for the scrip. He wanted to make an arrangement to take it up, but he did not mean that he was then ready to pay for the amount due the bank. If he did, he did not say so, and the defendants did not so understand him. Upon the part of the defendants it may fairly be said, I think, that, having waited so long in respect of the over-drawn account, and having given notice of their intention to sell, they naturally took the earliest opportunity offered in the market to sell at a price which would cover their claim. The conduct of the plaintiff did not merit any particular grace by leniency on the part of the defendants. He refused to exert himself in the sale of the scrip except upon the condition that he should receive any balance over and above that which had been advanced upon the particular scrip sold.

Mr. DuVernet strongly urged that Toronto General Trust Corporation vs. Central Ontario R. W. Co., 100 L. R. 347, applied to the present case. I do not think so. That turned upon the construction of an instrument which provided for a certain notice in case of sale, and, such notice not having been given, the sale was held invalid. In the present case the notice required by the Bank Act was given.

I think the appeal should be dismissed with costs.

BANKS AND BANKING — CUSTOM OR PRACTICE BETWEEN BANKS—UNACCEPTED CHECK INITIALED BY LOCAL MANAGER—CREDIT GIVEN BY ANOTHER BANK ON STRENGTH OF — AUTHORITY OF MANAGER — EVIDENCE — UNDERTAKING — REPRESENTATION —PROMISE TO ACCEPT—NEW TRIAL—TERMS.

SCOTT VS. MERCHANTS BANK OF CANADA
(2 O. W. N. page 514.)

THIS was an appeal by the plaintiffs from the judgment of the trial judge reported in the February, 1909, issue of THE BANKERS MAGAZINE. The short statement of facts given as part of the judgment may be read in connection with the fuller statement of facts given in that issue.

JUDGMENT (Sir WM. MEREDITH, *C.J.*, TEETZEL and MEREDITH, *J.J.*): C. N. Huether was a customer of the Merchants Bank at Berlin; Deavitt

was the manager of the branch there. The Dominion Bank also had a branch at Berlin; Scott was the manager. Huether was not a regular customer, but had occasional transactions.

On February 20, 1909, Huether drew a check upon the Merchants Bank in favor of "cash or bearer" for $10,000. This was not accepted and was not "marked" by the ledger-keeper. Deavitt placed in one corner in pencil his initial "D."

No evidence whatever is given by either party of the circumstances under which, or of the purpose for which, this was done.

Huether, armed with this check so initialled, presented it for deposit at the Dominion Bank, and contemporaneously drew against this deposit two checks for $7,950 and $2.05 respectively in favor of cash or bearer, and deposited these in the Merchants Bank. On the same day these were paid to the Merchants Bank, and the proceeds placed to the credit of Huether's overdrawn account.

When the $10,000 check on the Merchants Bank was in ordinary course presented to that bank for payment, it was refused. Scott demanded explanation from Deavitt, and Deavitt asked that the check be returned, and said that he was expecting $15,000 discounts from Huether, and he would mark the check. No discounts were put in. An inspector arrived, and he declined to permit the checks to be paid.

The action was originally brought by Scott as the holder of the checks and as assignee of the claim of the Dominion Bank. Some question having been raised as to his status, the Dominion Bank were added as plaintiffs and the controversy may be regarded as really between the two banks.

Under the argument the plaintiffs contended that the initialling of the check by Deavitt was an acceptance by the defendant bank, or, as it is put in the notice of appeal, "a certification thereof," upon which the banks are liable.

A check is, by sec. 165 of the Bills of Exchange Act, a bill of exchange, and under sec. 36, an acceptance is invalid unless it is written upon the face of the bill and is signed by the drawee.

At one time a practice of "marking" checks prevailed. The ledger-keeper charged the check to the customer's account and wrote upon the face of the check the reference to the account, and signed this with his initials. This practice produced much laxity, and the provision making the law as to acceptance of bills applicable to checks was adopted in 1890, and now banks generally accept checks formally when presented to the ledger-keeper. This is recognized by both the banks to be the practice.

The initialling of checks by the manager of the bank is a piece of domestic machinery adopted by the bank. It is an authority by the manager to the ledger-keeper, who has the custody of the acceptance stamp of the bank, to accept the check when there is not a balance to the credit of the customer against which it can be charged. When there is money to the credit of the customer, the ledger-keeper accepts the checks of the customer without question. The ledger-keeper has no discretion to grant credit—that power rests with the manager.

The plaintiffs' contention upon this head fails.

The plaintiffs then contend that the Dominion Bank paid the sum of $6,518 due from them to the Merchants Bank, on February 22, as a clearing-house balance, upon the strength of a promise by the Merchants Bank to accept this check.

It may not be material, but the $6,518 did not include the two checks on the Dominion, nor could they have been factors in arriving at this sum, as these checks were paid on the twentieth. The obligation to pay the $6,518 was clear, and the payment of it formed no consideration for the alleged promise. Probably no more took place than a protest on the part of Deavitt against an attempt on Scott's part to force the situation by withholding an indisputable claim due as the clearing-house balance.

The course adopted by the plaintiff

Scott at the trial refraining from producing any evidence as to the circumstances under which the check was initialled, prevents our now giving effect to the argument presented to us, that the initialling was with the object of enabling Huether to present the check to the Dominion Bank as one which would be accepted by the Merchants Bank, and so obtaining money which was to be deposited to his credit in that bank. The circumstances surrounding the whole transaction are most suspicious. Huether, though called, was asked nothing save the one question—"Did you take this check to the Dominion Bank?" Deavitt was not called. The state of the account in the Merchants Bank is not clearly shown. All is left to the imagination, aided by the declamation of counsel. Neither formally in the notice of appeal, nor informally upon the argument, do the plaintiffs ask any indulgence, and it is not without much misgiving that I think it proper now to give them a right to elect to accept a new trial if they see fit, such new trial to be based upon an appropriate amendment of the pleadings to present this aspect of the case and to be confined to it—our adverse judgment upon the other branches of the case to be regarded as final.

If the plaintiffs elect to avail themselves of this opinion, the costs of the last trial, the appeal, and the amendment, must be paid by them in any event. If they do not, the appeal will be dismissed with costs.

The election should be made in two weeks.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department

RELEASE OF GUARANTOR BY EXTENSION WITHOUT HIS CONSENT

GLASGOW, KY., Jan. 26, 1911.

Editor Bankers Magazine:

DEAR SIR: An opinion has been expressed that an extension of time of a note for a consideration without the consent of a surety of guarantor would release such surety or guarantor, and it is so held by Simonton in his "Simonton of the Law of Checks, etc.," page 116, and refers to N. Y. and N. J. decisions.

In an issue of your magazine of 1908 you quote a decision of the Superior Court of Oregon, and in another issue one in Utah, holding that an extension of time on a note does not operate to release a surety or guarantor, or accommodation maker, and we presume that this rule would apply in this State.

PRESIDENT.

Answer: One of the cases to which our correspondent refers is probably Cellers vs. Meachem (49 Ore. 186) where it was held that under the provisions of the Negotiable Instruments Law an *accommodation* maker will not be discharged by an extension of time granted to the indorser, for the reason that a maker, even for accommodation is "primarily liable" upon the paper. The same construction of the statute was adopted by the Court of Appeals of Maryland in Vanderford vs. Farmers & Mechanics Bank (105 Md. 164.) These decisions, however, do not in any way conflict with the well established rule that an extension of time given to the maker for a consideration without the consent of a party who occupies the position of a surety will discharge the latter; for they proceed upon the theory that by the terms of the statute the maker, even if for accommodation, is still "primarily" and not "secondarily" liable.

A CORRECTION

LOS ANGELES, CAL., Feb. 1, 1911.

Editor Bankers Magazine:

DEAR SIR: In your issue of THE BANKERS MAGAZINE for July, 1906, on page 94, line 30, the statement appears:

"If C had sent his check to B by A, and the latter had written B's indorsement thereon, no one would say that it was forgery."

Is this not a mistake? Should the sentence not read:

"If C had sent his check to B by A, and

the latter had written B's indorsement thereon, ANY one would say that it was forgery."

J. VEENHUYSEN,
Mortgage Clerk.

Answer: Our correspondent is correct. By a printer's error, the word "not" before the word "forgery" was omitted. The sentence should read: "If C had sent his check to B by A, and the latter had written B's indorsement thereon, no one would say that it was not forgery."

NATIONAL BANK ACTING AS REGISTRAR OF STOCK

TORRINGTON, CONN., Jan. 15, 1911.

Editor Bankers Magazine:

SIR: We have inquired if it is legal for a national bank to act as registrar of stock for a corporation. We know of one bank that is doing so, and in connection seems to be assuming considerable responsibility, which does not seem to be warranted by law. Any information you can give us in regard to this matter or references, which will aid us in ascertaining the answer to our question, we will very greatly appreciate.

HORACE MANN, Cashier.

Answer: This precise point does not appear to have been judicially determined. But it is well settled that a national bank can exercise only the powers enumerated in the statute and those powers which are properly incidental to the enumerated powers. (Logan County Nat. Bank vs. Townsend, 139 U. S. 67, 73.) Now, the enumerated powers are "to carry on the business of banking by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; by receiving deposits; by buying and selling exchange, coin and bullion; by loaning money on personal security; and by obtaining, issuing, and circulating notes according to the provisions of this Title." But to none of these does it appear that the business of registering stock is in any way incidental. Nor is it a power that banks have customarily exercised. We think, therefore, that in acting as a registrar of stock, a National bank is plainly exceeding its powers. And as all persons dealing with stock so registered are bound to know this, they could not hold the bank liable for anything done or omitted to be done by it as such registrar.

APPLICATION OF BANK BALANCE TO PAYMENT OF NOTE

ASHEVILLE, N. C., Dec. 12, 1910.

Editor Bankers Magazine:

SIR: Referring to your answer to our inquiry in the last issue of your magazine, we would like a further answer in reference to the same matter. "If the maker of a note for $100, payable at our bank, has a credit of $50 and the bank is the owner of the paper, would the endorser be discharged to the extent of the $50 if the credit was not applied and was subsequently drawn out?"

W. B. WILLIAMSON, Cashier.

Answer: In the reported cases the amount of the deposit was sufficient to pay the note, but the ground upon which the decisions proceed is broad enough to require the application of the deposit to the payment of the note *pro tanto*. The theory is that the bank, having the right to apply the deposit to the payment of the depositor's note, is bound to exercise that right for the protection of the surety, and as this right of set-off exists whether the deposit is sufficient to pay the note in full or only in part, the duty of the bank to make the application in the latter case would seem to be clear. In the case stated in the inquiry, therefore, the bank should apply the $50.00. But, as stated in reply to the inquiry published in our issue of January, 1911, it is only in a few States that a surety has the right to insist that the bank pay the note out of the deposit of the maker.

Groom—What's your father going to give us for a wedding present? *Bride*—A big check, darling! *Groom*—Then the ceremony must take place at two p. m. instead of at three. *Bride*—But why? *Groom*—The banks close at three.—*Cleveland Leader.*

TESTING TIME IN THE SAVINGS BANK

By W. H. Kniffin, Jr.

On the top shelf in the vault of the Blank Savings Bank stands a row of books, placed there "for future reference." But the future not requiring any references of such nature, a goodly accumulation of dust and cobwebs has gathered thereon, giving them that ancient look that characterizes historical works of art. They are the trial balances of the past forty years, and are indeed works of art, produced by the sweat of many brows, and the history recorded therein is one of much struggle and anxiety.

The changing character of this collection of antiques well typifies the transition of the trial balance from a work of art, laboriously produced, to a product not only a thing of beauty, but a joy forever. For a number of years the record would be found to consist of the *full name* of each depositor, the number of the account, also in full, and the amount, together with the distribution for interest calculation, all *carefully* done in ink with much pains—the word pains meaning also "pangs of labor" (Standard Dictionary). As a matter of fact, for many years the work was first done in lead pencil *to get it right,* and then carefully copied in ink (often to get it wrong), and the latter duly placed in the graveyard to rot, while the pencil copy, being the *original entry,* formed the basis of future calculations.

As time wore on, the christian name was abbreviated and only initials used; then the first name and initials were dropped entirely, and only the surname used, and the *full number written only at intervals as a guide.* In due course of time, the providence that watches over bank men and endeavors to lift their many burdens sent the man with the adding machine, who, after much persuasion, obtained consent to ship a machine on trial, with full assurance that he was "wasting good express money." But he knew better, and the machine "stayed put," and from that time on, the record shows merely a column of account numbers and ledger balances. Detail has given way to despatch, and accuracy has gone hand in hand with speed, and the man with the writer's cramp need only press the keys (the right ones of course) and pull the handle. A grateful savings bank fraternity should build a monument to this man who invented mechanical addition, for if any one thing lightens the burden of overworked bank clerks, it is the adding machine. To sing the praises of this bit of clever mechanism, is not the primary purpose of this paper; but if that row of books could speak, they would testify in no uncertain tone of the value and adaptability of this invention to this particular part of savings bank work, and as for handwork,—say "never again!"

There's a Reason.

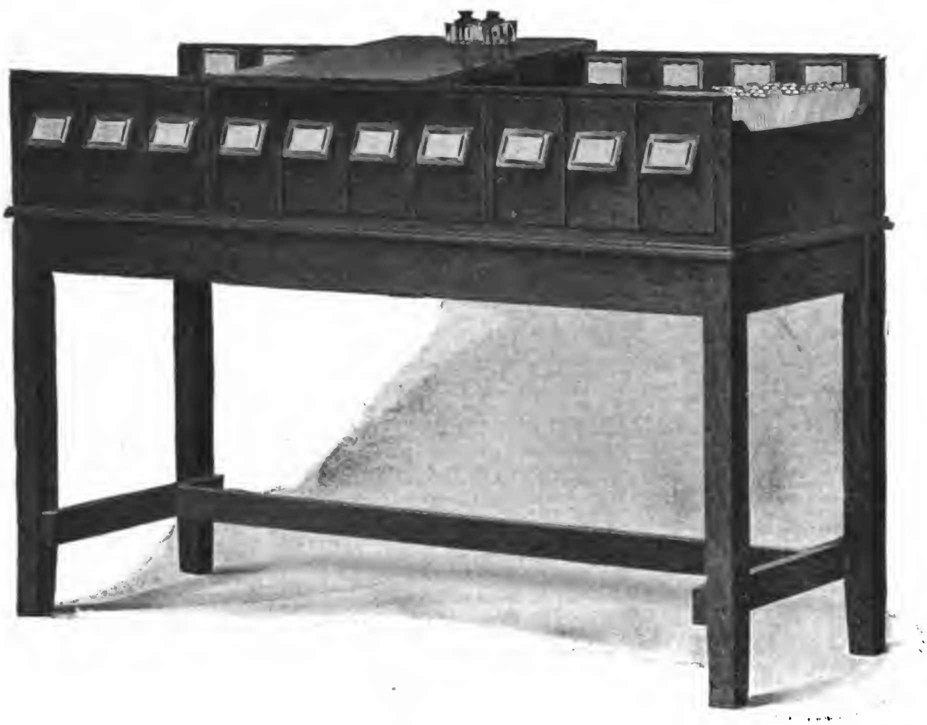
If a reason were sought why savings banks, everywhere, take extreme care that the ledger balances shall be correct at all times, the answer would not be that the bank ran any great risk of monetary loss through such errors, for payment is made only on presentation of the book, and the book is, or should be, compared before paying any great amount, and the book is *supposed to show* the correct balance due. But the real reason would be found to be, first, that *an error is an error,* and as such should not be tolerated; and second, if not found at the time of posting proof, is bound to turn up at trial balance time and cause endless anxiety and annoyance.

But however this may be, grave dan-

ger lies in neglecting the trial balance. The writer knows of a savings bank that has not taken a trial balance in at least two years, and it is needless to say, it is not a model savings bank.

Here is an old trick that was "turned" as early as 1823, by a clever Englishman. In taking in deposits, say of ten, twenty and thirty pounds, respectively, he would enter the correct amount on the book, drop the cipher on his tickets, and pocket the balance. His cash balanced, naturally. After his superior officer had checked back the work, he would enter the ciphers in their proper places, making the ledger account agree with the book. Not having a modern system of bookkeeping, he was not detected for a long time; but it will quickly be seen that had a monthly statement been taken of the general ledger (supposing they had this useful article) and a periodical trial balance, he would have met his Waterloo much sooner.

The processes heretofore described to insure accuracy in posting may seem to savor of red tape, and be more or less needless; but the clerk who has been confronted with an error, great or small, that existed somewhere in from two to five thousand accounts, and anywhere within six months' work, needs no philosopher to convince him that an ounce of prevention is better than a ton of cure, and the best way to find an error *is not to make it.*



THE MODERN "LEDGER." MADE IN EITHER STEEL OR WOOD. CAPACITY, 10,000 ACCOUNTS—BY COURTESY OF YAWMAN & ERBE MFG. CO., ROCHESTER, N. Y.

The new-comer in savings bank work thus "up against" a shortage, say, of ten dollars, and who is advised by older heads to check back his postings from the ledger to the journal (if postings are so made) is apt to heave a big sigh and start in with a grumble, wondering *why,*—since he has checked everything from the *journal* to the *ledger;* but when he stumbles over a ten-dollar draft that was posted to the wrong account and not discovered and then posted to

the right account, thus making a double posting, he will quickly understand that the check that didn't check an unchecked item was no check at all. But whatever method is adopted to prevent omissions and commissions and *"double missions,"*—one thing remains true: barring counter-balancing errors, only a trial balance of the work as a whole will demonstrate the accuracy of the work as a whole. And, no matter how meritorious the proof of daily posting may be, only such a comprehensive test can verify the work for the period under proof.

Proof by Groups.

As heretofore suggested, practically all banks group their accounts. In taking trial balances these groups are first tested and then the work as a whole is balanced with the general ledger. In fact, it seems hardly believable that any bank man would be so short sighted as to try to keep any great number of accounts without such a system. In making this group test, as will shortly be seen, as low as thirty-two accounts are balanced separately; but the number is optional,—it is the idea that should be emphasized.

We must, of course, have a correct starting point, and the problem generally resolves itself into adding the receipts to the last trial balance and subtracting the drafts. It is, of course, absolutely essential that the account with the group be accurately kept, for to test by an erroneous balance is about as difficult a proposition as one could undertake. But with the help of a good system to insure correct grouping, and another to insure correct balances, aided by the adding machine to take off the "grind," trial balance work becomes a pleasure, and there is a certain satisfaction that comes over a man when, upon striking his proof he finds it to be correct; and whatever of care and pains he has exercised in his daily work finds its reward at this time. It is no unusual thing in large and well-managed banks to have sixty per cent. of their groups, or ledgers, balance upon first test. Such events are not accidents, however, and accuracy has cost its price in care.

But how often shall such a test be made? That would depend upon the excellence of the daily proof of posting. If the postings are merely *checked back* (and cases are on record where such

DETAIL OF SLIDING DESK TOP, SHOWING POSITION OF CARDS, AND READY ACCESS TO THEM—BY COURTESY OF YAWMAN & ERBE MFG. CO., ROCHESTER, N. Y.

have been checked as having been posted, and again checked as posted correctly, when they were not posted at all), and no proof of the extension of the ledger balances is made, a monthly proof would be *desirable,* but not *generally possible,* and the better part of wisdom would seem to be to pay more attention to the daily postings and take the trial balances at six months' intervals. In fact, a canvass of this matter among the New York banks shows that semi-annual tests quite generally prevail. If a bank whose transactions average two thousand a day can keep its books in perfect balance by a six months' trial balance, so can its more modest brethren.

Cards and Loose Leaves an Aid.

Under the regime of the bound ledger, the time consumed in finding the living accounts among the dead made the process a slow and tedious one; but with the coming of the card and loose leaf ledgers, where every card or sheet *represents an open account,* it becomes mechanical to a high degree and any (careful) boy of sixteen can do it. But the finding of errors, if such there be, is the work of a man, and re-

No.

Balances due Depositors April 30th, 1907 and Interest due July 1st, 1907

Book Nos.	Balances.	Interest.	Book Nos.	Balances.	Interest.
Section #98,600	15 10	20	Section #98,650		
	101 80	2 02			
	303 70	5 76			
	25 50	14 28			
	714 00	4 26			
	228 05	4 26			
	228 05	4 26			
	228 05	5 93			
	329 60	1 78			
	89 00	1 07			
	68 66	66			
	1,633 07	3 34			
	167 81	4 78			
	239 30	6 86			
	91 00	30			
	373 85	13 40			
	15 40	2 34			
	670 00	30			
	132 00	80			
	15 25	60			
	50 50	66			
	30 60	6 24			
	35 93	2 52			
	312 80	30			
	126 65	11 70			
	141 60	1 52			
	583 20	90			
	424 70	5 16			
	36 20	4 82			
	81 40	5 18			
	45 21				
	258 55				
	259 34	116 20			
	241 30				
	8,298 77				

Sectional Balance Sheet. (April 30th,1907)

This section includes the accounts from 98,600 to 98,649. The interest due on the following July ($116.20) is also shown.

To the total of these accounts is added the deposits for each month as shown below, together with the interest credited thereon, making a total of $10,628.97, from which is deducted the drafts ($3,349.10) leaving a balance due as of October 30th, the time of the next trial balance, of $7,279.87, which proved to be the total of the balances on these accounts.

	Deposits	Drafts		Deposits	Drafts
	8,298 77				
MAY	69	1,579 35	MAY		
JUNE	353	422 70	JUNE		
Interest	116 20	— —	Interest		
JULY	1132	151 72	JULY		
AUGUST	535	133 82	AUGUST		
SEPTEMBER	111	500	SEPTEMBER		
OCTOBER	312	504 51	OCTOBER		
		3,349 10			
	10,628 97				
Drafts	3,349 10		Drafts		
Balance	7,279 87		Balance		

FORM 1--SECTIONAL BALANCE SHEET

quires experience, often bitter, and training, long, to teach the most likely places in which such a difference could occur.

For instance, a ledger turns out to be ten dollars over. The novice might immediately come to the conclusion that a ten dollar deposit has been posted *twice.* So it might; but a ten-dollar draft might not have been posted *at all,* or a five-dollar debit might have been posted *as a credit,* and so on *ad infinitum.* Only

experience can teach the most likely places for troublesome errors to show up.

The tales, amusing and otherwise, that could be told of experiences along this line would make interesting reading and would fill a book, and the making of books is not the present purpose; but until that man is born who never makes a mistake, and who never has an "off" day, such troubles will fall to him who aspires to keep a savings bank ledger. And the annoying part of it all is that *one item posted wrong* will dis-discount *ten thousand items posted right.*

It is quite common to combine the trial balance and dividend work on one sheet, making the former the basis for the latter, but however this may be, the time should be far enough apart so that the two will not be crowded into a short space of time. And if the trial balance is taken a month before the dividend work, both can be done with full justice without crowding. One large bank takes trial balances in February and August, to act as a check upon the interest posting which occurs in January and July.

Inasmuch as the tide of business flows on forever accounts are constantly changing, and in order that the items subsequent to the date of taking proof may not be included, it is customary to omit extentions until the proof is off; otherwise careful watch of every date must be kept, thus retarding the work. Some banks even go so far as to omit postings altogether, but this is neither necessary nor advisable. The need for haste is clearly to be seen, and here it is the adding machine gets in its best work.

Trial Balance Methods.

In a New York savings bank, whose open accounts number 32,000, the following system of posting and trial balance is in force: At the close of the day the tickets are sorted numerically and placed in clamps, one for each ledger. The next day these items are posted without removing from the clamps. In order to prove the work, two day books are used for each ledger, debit and credit, and the numbers of the accounts as per the tickets are written down. The proving clerk turns to the ledger and sets down opposite the number whatever he finds posted on the account. The items are checked back from the book to ledger and totaled.

With all the advantages of the adding machine, there are still many banks that adhere to the hand method of trial balance work, for the good and sufficient reason that the accounts are so numerous that a large number of machines would be necessary, and where the bound ledgers are still used, a machine for every two or three ledgers would be required if the work were to be done with despatch. This bank, at trial balance time, calls in extra help, and takes down all balances in ink, no erasing being allowed. The balances are checked back, and any errors are reported to the secretary. Postings are held back until balances are all taken down (but not footed), which usually requires about two days. The footings are made by two men, but are not taken down until the last clerk has been over the work, having been kept on a separate sheet. If the totals agree, the footings are written down in ink. The group accounts are carefully kept and each group is balanced by itself, only the secretary knowing what the group calls for, and the footings are verified by him when proof is ready. This is really a "blind" system, as no one knows his proof figures and there is no chance of forcing a balance. The total of the groups must, of course, tally with the general ledger; any errors being traced to the proper groups and located.

In the Jefferson County Savings Bank of Watertown, whose open accounts number 27,000, the following system is in force:

Trial balance sheets for individual ledgers are ruled with a column for folio, previous balance, total drafts on each account, total deposits and interest added, present balance, and ruled for thirty-six accounts. The previous

Trial Balance. .... 19 ..   *INTEREST* 1st, 19

NUMBER	TOTAL AM'T	8	7	6	5	4	3	No Interest	Interest now due

LEDGER No.

DIVIDEND AND BALANCE SHEET   1st.

No. of Account	Amt. 6 Mos.	Amt. 3 Mos.	No Interest	Total of Interest	Total Deposit	

TRIAL BALANCE AND INTEREST ABSTRACT

HOME SAVINGS BANK

NO.	TRIAL BALANCE	INT. BALANCE	6	5		3	2	1	INTEREST

EAST BROOKLYN SAVINGS BANK.

DIVIDEND

NUMBER	Amount Six Months	Amount Three Months	Interest Six Months	Interest Three Months	Total Interest	Int. Check	Balance Before Dividend	Balance With Dividend

No.	Balance	Time	Amount	Interest	Gross Amount of Interest	Total Principal and Interest	Deposits	Drafts	Balance of Account

Number of Account	BALANCE	Balance Correction	Division of Interest	INTEREST	PROOF OF INTEREST
Bro't forward					

FORM 2—SAMPLES OF TRIAL BALANCE RULINGS—"ONE IDEA VARIOUSLY EXPRESSED"

balance is the last trial balance. All drafts made on each account since last trial balance are added together, and the total entered in debit or draft column. All deposits made and the interest credited since last trial balance are added together and entered in credit or deposit column. The present balance of account is entered in the present balance column. Each line represents an account, and the transaction thereon for six months.

To prove the work the previous balance and credit columns are added together and should equal the sum of the debit and present balance column. If they do not agree, there is an error in those thirty-six accounts, which is easily located. Each ledger is verified in the same way, proving the thirty-six accounts at a time. The total footings of these sheets for this ledger will agree with the columns of this ledger on the general ledger.

Care is exercised not to leave any amount off or of going back of last trial balance date. Either will cause trouble and show error. It proves the posting is correct; that the interest was footed and entered correctly; and that the ledger is in balance. There is only one thing it won't prove, one error balancing another, on these thirty-six accounts.

The Portsmouth Savings Bank of Portsmouth, N. H., runs an account with each even thousand numbers. The deposit slips and withdrawal blanks are listed by adding machine monthly, and the amount added or deducted from the balance due thereon. In taking trial balances, each division is subdivided into blocks of fifty, and each block of fifty is taken off and totaled. In this manner, on January 1, 1909, twenty-two out of twenty-nine blocks were correct the first time and the errors in the remaining seven blocks were found in a few hours.

In the Fitchburg (Mass.) Savings Bank, they use the loose deposit and withdrawal tickets. The cash is balanced from the tickets, and then the tickets are posted on the ledgers, and entered in the deposit and withdrawal books, this to make sure that no tickets have been lost during the posting process. These tickets are kept in temporary boxes, and arranged numerically daily, until the time for taking the trial balance arrives.

The dividend days are January 1 and July 1, and they take trial balance on the last business days of January and July, thus giving ample time to extend the dividends, as any system of trial balance that does not prove the extensions, as well as the postings, is of no value whatever.

Their system of trial balance is briefly this: The ledgers and tickets are subdivided into small sections, the sections in the inactive, or old, ledgers being larger than in the new ones, where the subdivisions consist of one hundred numbers. Dividends are made in separate books, one for each ledger, along the same subdivision lines. About a week before the time for taking the trial balance, they begin listing off the deposit and withdrawal tickets, building on to them from day to day, until the actual taking of the trial balance.

The proof blanks are made up of the following items: Previous balances of the subdivisions; dividends credited; deposits credited; less the withdrawals.

The ledgers are listed off with the adding machine, with the same subdivisions, and if the two agree, of course that ends it. If there is a difference, the subdivisions being so small, ordinarily the difference is found in a minute or two. Then the proofs are put together, making a general proof of the ledger, and when all the ledgers are done, a general proof is made of all the ledgers combined.

The deposits, withdrawals and dividends must agree with the separate books for those three items, and the total amount due the depositors must agree with the daily statement and controlling ledger.

They really get everything, except practically the last ledger, proved up previous to the day on which they take the trial balance. During that day, they list off the last ledger, and ordinarily, within one hour of the conclusion of business, they have that ledger

proved, and in a couple of hours or more, the proofs are all practically put together, and the trial balance is finished. They also absolutely prove the number of open accounts, which many banks neglect to do.

Under the old system of taking trial balance, where the entire ledger was drawn off and footed up into one item, it used to take, with a great many less accounts than they now have, *nearly a month.* With the loose deposit and withdrawal tickets and the system now in use, this drudgery has been reduced to the most pleasant work in the bank, consuming the time of the bank's force for parts of four or five days, and a pretty active afternoon for recapitulating.

In every way, the system is not only absolutely accurate, but an interesting and fascinating process.

The Springfield Institution for Savings of Springfield, Mass., uses a skeleton ledger as a check in case a card should be lost from the card ledger. On this, as will be seen, is listed merely the items, debit and credit, which postings are made by a clerk who did not make the posting on the card account. The trial balance is taken from this ledger and compared with the cards, account by account. The totals of the accounts on each page must agree with the totals of the cards as obtained on the adding machine.

The Hoboken Bank for Savings takes its trial balances semi-annually. Ledgers are divided into sections of fifty accounts each and the balances are taken off on adding machine, the sheets being ruled to fit the spacing on the sheets (similar to Form 1), and at the end of each section the footing is struck. The footings must agree with the amount obtained by taking the total of the group at the last test and adding the deposits and subtracting the drafts.

The most famous savings bank trial balance (and verification of pass-books as well) in this country, is that which is taken off at three-year periods by the Schenectady Savings Bank of Schenectady, N. Y., and published in the daily papers and pamphlets sent to all depositors. The idea is original with them, but has since been used by other banks, and must have proven profitable and popular, inasmuch as it has had its second trial during the past year. The idea is that depositors may verify their own balances, and is both a very clever advertising scheme and a practical audit of the bank's liabilities. In a printed circular issued shortly after their first experiment in 1907, the bank states:

By publishing the pass book accounts by number, a complete check is made upon the balance in each pass book, as well as upon the aggregate amount of all the depositors' accounts in the bank; the same principal applying to the assets, as they are all numbered, and when interest is received from mortgages, the numbers are given on the receipts for interest.

As no bank would publish less assets than it had, nor more liabilities than it had, the check is complete from the outside as well as from the inside of the bank.

The accounts were drawn off from the ledger cards with an adding machine. Each column of the newspaper carries 380 accounts, a footing being made for every column—such footings carried forward to the end of the list. The numbers of the accounts were put on with a hand stamp opposite the accounts. *Adding machines were used to foot the numbers as well as the accounts, in order to verify.* Adding machines that are listing machines will foot both numbers and accounts as they are drawn off from the ledgers. We expect to use such machines when we make our next detailed statement. The work will then be much easier.

The proofs received from the press, both numbers and amounts, were refooted by the machines to verify.

Announcement was made in the newspapers published in this vicinity several days in advance of the detailed statement. We stated that numbers and amounts *only* of depositors' accounts would be published. The Schenectady Gazette has about 17,000 circulation, our statement being a part of the regular issue.

The expense to the bank for the statement complete including 10,000 copies in pamphlet form, postage and advertising for the special report was in the neighborhood of $1,000. The sales of the paper on the day of issue, Feb 20, were very large, and we find that very many of our depositors compared their accounts on that day.

No objection has been made on the part of our depositors or anyone connected with the bank in any way, to the publication of the detailed statement. On the other hand, much gratification was expressed and many

compliments paid to the bank by those interested, and by the public, at home and abroad.

The pamphlet containing the detailed statement will be distributed from the bank and through the mails, to banks and others.

It is not intended by the bank to make a detailed statement regularly, but only at such periods as may be chosen by the management.

It is perhaps well to note that a check upon the business of a bank is not to be obtained completely by calling in the pass books, as even if such a system could be made complete, the public cannot verify the aggregate of the deposits. Such verification is made by publishing the list of accounts—this applying to assets as well as to liabilities. Although this detailed statement was made during one of the busiest parts of the year for a savings bank, and a special abstract being made of depositors' accounts, (our regular abstracts are taken May and November) the regular business of the bank was not interfered with to any extent, and no serious inconvenience attended the getting out of the statement. We employed but two extra helpers.

PRACTICAL BANKING

OUTLINE OF COST OF AN ACCOUNT IN A LARGE RESERVE BANK

By E. H. Ensell, with The National City Bank of New York

THE accounts of a bank are the "raw materials" with which it does business. Every cost incurred in their handling and every earning made must have some effect on the accounts, and the only question which enters into an analysis is not what the accounts cost or earn, since all the costs and earnings are to be borne by the accounts, but how to apportion this cost and earning on an equitable basis.

In determining the value of an account, it is necessary that all the direct elements of cost be taken into consideration by applying this cost directly to the account concerned, as far as practicable, and while it is impossible to reduce cost accounting to an exact science, as a general rule, it is possible to take into consideration more of the necessary factors than is usually done.

In analyzing an account in a large reserve bank, usually no direct attention is given to the *cost of labor end* of the problem, or if it is considered at all, it is applied to all accounts under analysis on the same basis. On its face, this method is manifestly unfair to all accounts concerned, because the account that necessitates much labor in its handling is considered on the same footing as one that requires practically no labor. The form of analysis sheets now in general use does not discriminate enough between active and inactive accounts.

There are a few accounts that have some peculiar, special cost feature attached to them, that would not entitle them to be considered in a general class with other accounts, and the only way to get a fair basis of their cost would be to make a specific analysis to cover each case. It would be impossible, however, to analyze each account separately and could this be done, no doubt the result would be very inaccurate. Therefore accounts must generally be considered as a class.

There are many accounts which appear on their face to be of about the same value to a bank, but when the cost of handling the items is considered, the whole scheme of analysis is thrown out of adjustment.

Exchange charged by correspondents for collection and exchange paid by customers would not enter directly into the cost of an account, as the one practically offsets the other. The exchange

earnings should be carried forward to the general earnings, while the exchange cost is carried as a direct charge to the account that includes foreign items for collection, thus relieving from an unjust charge the account wherein no foreign items enter.

The capital, surplus and undivided profits, being a cost item, a fair rate of interest on the same should be charged in the general expenses together with a reasonable amount for "bad debts."

The cost account in a large reserve bank can only be properly based on the *two fundamental* mechanical operations of the banking business; that is,

First: *The earning operations,* principally the loaning of money.

Second: *The labor operation,* principally the handling of items.

Each of the above named operations is to share the general operating expenses in an approximate proportional ratio. Therefore, on this basis, we have two distinct cost assessments, namely,

First: The cost on the *basis of balance* loaned.

Second: The cost on the *basis of items* handled.

Both the *basis of balance* cost and *basis of items* cost are to be applied to accounts under analysis in order that the accounts may bear the entire cost of operating expenses.

It is obvious that, since all the cost is to be charged to accounts, in order to insure an accurate final result, we can consider, on the *basis of items cost*, only the departments that handle items in large proportions, that is, the incoming items through the mail and over the counter, and the outgoing items through the transit department and the check department.

All other departments handle items in a minimum number and their cost is charged in the general operating expenses.

These specific charges are to be debited to the departments handling items on the *basis of items cost,* together with a fair proportion of the general operating expenses.

The following illustration is used without regard to the accuracy of the figures:

Suppose the average deposits *for the period* to be	$500,000
The capital, surplus and undivided profits to be	50,000

EARNINGS FOR THE PERIOD.

Total interest earned (rather than interest received)	$55,000
Exchange received from customers.	2,500
Earnings from all sundry other sources	22,500
Total gross earnings	$80,000

OPERATING EXPENSES FOR THE PERIOD.

General Expenses.		*Incoming Items.* Specific Charges to Depts. Mail Teller.	Rec. Teller.	*Outgoing Items.* Specific Charges to Depts. Transit Dept.	Check Dept.
Rent and taxes	$2,000				
Light and heat	2,000				
Officers and directors	4,000				
Clerks and bookkeepers	4,000	$1,000	$250	$500	$500
Stationery and supplies	2,000	500	250	500	500
Msicellaneous expenses	2,000				
Ten per cent. depreication	2,000				
Four per cent. cost on capital, surplus and undivided profits, $50,000.	2,000				
	$20,000	$1,500	$500	$1,000	$1,000
Less twenty per cent. approximate proportion to be distributed among basis of items department	4,000	(Add Proportion.) 1,500	500	1,000	1,000
Net cost, in proportion	$16,000	$3,000	$1,000	$2,000	$2,000

COST OF ITEMS HANDLED IN EACH DEPARTMENT DURING THE PERIOD.

Mail teller	No. items handled, 50,000	divided into cost $3,000,	equal	.001 per item
Receiving teller	No. items handled, 40,000	divided into cost 1,000,	equal	.002 per item
Transit department ..	No. items handled, 30,000	divided into cost 2,000,	equal	.003 per item
Check department ...	No. items handled, 20,000	divided into cost 2,000,	equal	.004 per item
				.010

By averaging the total among the four departments, we have a general average cost of .0025 per item.

By deducting from the general operating expenses an amount in proportionate ratio which the *items departments* bear to the entire operating expenses (in the above illustration, say twenty per cent.), and distributing that amount deducted from the general cost proportionally among the *items departments*, we have a very accurate general expense cost of handling the items in each department.

The general average cost per item of all items handled may be properly applied to all normal accounts. Where an account has an abnormal number of items of one class, the specific average cost of items that pertain to that class may be determined by using the average for that particular class (this specific average to be slightly increased or decreased in the approximate proportion it bears to the whole general average cost), thus giving a very accurate charge for item cost.

The total general operating expenses, less the amount deducted and distributed among the *items departments*, ($16,000) will give the net general cost to be applied on the basis of balance cost, thus the $16,000 divided by the average deposits, $500,000, will give the cost of each dollar of deposits to pay for the use of capital, surplus and undivided profits, say, .0032. Then we have the following:

Basis of balance cost.................................... .0032 on each dollar of deposit
Basis of items cost (general average)..................... .0025 on each item handled

NORMAL ACCOUNT.

Average balance	$10,000.00	General expenses on *basis of balance cost*, .0032 x $6,000.......	$19.20
Less average amount items in transit	2,000.00	Specific expenses on *basis of item cost*, 1,000 items @ .0025.......	2.50
	$8,000.00	Interest on average balance, 2% on $8,000 paid to customers.......	160.00
Less 25% reserve	2,000.00		
Actual useable balance	$6,000.00		$181.70
4% average rate earned during the period on actual useable balance	$240.00		
Less cost	181.70		
Net profit on account...........	$58.30		

The foregoing is only a sketch, still it includes all elements that go to make up the entire cost, and is generally correct in principle, although it may differ in detail according to the idea of the user. It includes the counting and averaging of items and balances, and this may be accomplished by approximation in a very simple and rapid manner, giving fair accurate results in the last analysis.

This would also apply to the flat balance account, or sometimes called the savings account, because this class of account, having no item transactions, would not be subject to the *basis of items cost*, and still at the same time it would be only fair for this class of account to share the cost on the *basis of balance cost* to cover the labor of loaning the balance and the risk that this entails.

THE COLLECTION DEPARTMENT

By E. H. Selle

MUCH has been written by different well versed banking men about the various methods used for handling collections in the most practical and time saving manner and at the same time have a complete record without the usual detail work.

The majority of articles, while wide in their scope, seem to refer for the most part tó the collection business as it pertains to the larger, or city bank, as they are sometimes spoken of. To one who has served his entire time in the so called "country bank," these articles may be very instructive and yet the practicability of any method is governed wholly by conditions to which the method may be applied.

Now in reference to the sending out of collections by the carbon copy method, we have the original and duplicate letters as shown by the accompanying illustrations numbered one and two respectively. In figure one is shown the form of the original letter which is sent out with the collection and which is of such form as to allow a complete record thereon of any item a bank may send out. This letter together with the duplicate letter (figure 2) and the deposit ticket which is attached thereto as shown in figure two, all are numbered the same, using the bank's number. In making out the original letter which is sent out, the duplicate letter and deposit ticket are also simultaneously filled out. On the retained duplicate letter are printed the words "Credited" and "Ret'd." to be dated beneath when the item is paid or returned, as the case may be. The deposit ticket is torn off and used accordingly, thereby eliminating to the smallest degree the opportunity for a clerk to neglect to make a credit ticket for the paid item, or placing the amount to the credit of the wrong account.

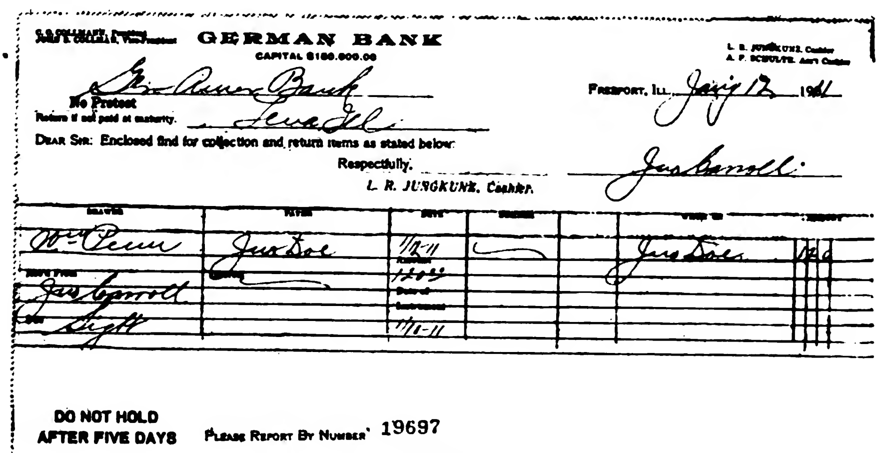
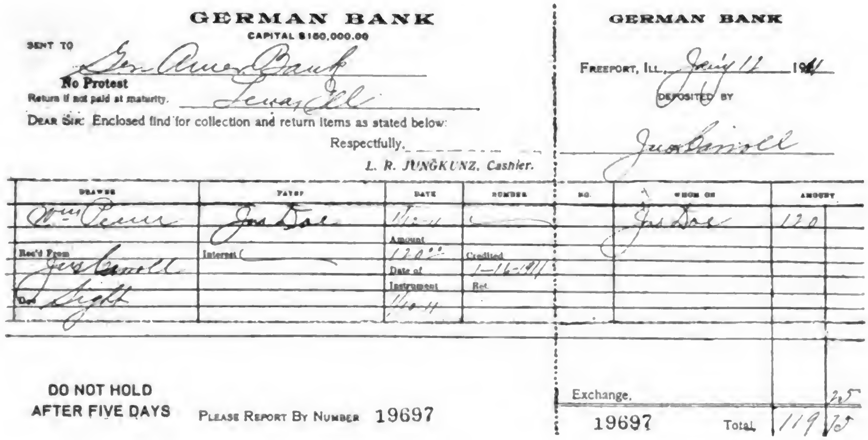

GERMAN BANK
CAPITAL $100,000.00
No Protest
Return if not paid at maturity.
FREEPORT, ILL.
DEAR SIR: Enclosed find for collection and return items as stated below:
Respectfully,
L. R. JUNGKUNZ, Cashier.
DO NOT HOLD
AFTER FIVE DAYS
PLEASE REPORT BY NUMBER 19697

FIGURE 1

In the old style collection book, in order to ascertain just what collections are still out and unpaid it is necessary to leaf through many pages to get the desired information, but by the method here shown the collections still out are represented by the remaining tickets on which are recorded the names of the customers and those of the payers.

These forms are bound in one, two or three letters (size $5\frac{1}{2}$ by $10\frac{1}{4}$) to a page and well perforated. The duplicate letters being bound one beneath each original letter so that there is no


GERMAN BANK
CAPITAL $150,000.00
SENT TO Ger. Amer. Bank
No Protest
Return if not paid at maturity. Sewanee, Ill.
DEAR SIR: Enclosed find for collection and return items as stated below:
Respectfully,
L. R. JUNGKUNZ, Cashier.

GERMAN BANK
FREEPORT, ILL., July 11 1911
DEPOSITED BY
Jas. Carroll

DRAWER	PAYER	DATE	NUMBER	NO.	WHOM ON	AMOUNT
Wm. Pierce	Jas. Doe	1/14/11			Jas. Doe	120
Rec'd From Jas. Carroll	Interest	Amount 120.00	Credited 1-16-1911			
Due Sight		Date of Instrument 1/10/11	Ret.			

DO NOT HOLD
AFTER FIVE DAYS
PLEASE REPORT BY NUMBER 19697

Exchange. 25
19697 Total 119 75

FIGURE 2

folding under to do in making out copies. Having worked out this form and having used it for several years I find that three letters to a page is the better book to handle as the size is convenient to handle and the covers being of strong canvas make the books light and very moderate in price.

HANDLING TELEGRAPHIC CORRESPONDENCE*

Arranged by Ernest J. Perry, Cashier First National Bank, Fond du Lac, Wis.

MODERN business conditions have necessitated many radical changes in office equipment and in the handling of correspondence. Nearly all of the large business enterprises of to-day owe much of their success and growth to the adoption and use of the most improved forms of office appliances and methods of simplifying their mail and telegraphic correspondence.

Telegraphic correspondence is a part of business that is usually conducted with more or less haste at the time of the original action. When a message is written there is not always time to send same to be copied in a copy book, still a copy should always be kept of every message sent, then again in confirming the message by mail it is necessary to have a copy book before you in dictating your letter in order to get the true wording of the message as sent. All of this entails more or less clerical work and one is very apt to overlook some important detail in writing, copying or confirming the message.

A triplicate telegram blank system for handling telegraphic correspondence is shown herewith, which will bring order and system into this department of business, prevent errors, avoid disputes and act as a safeguard. A system that enables one to write a message to send to the telegraph office and at the same time make a second copy for their office record, and make still a third copy to mail the correspondent. All three copies are made at one writing with the use of but one sheet of carbon.

The system consists in a series of three sheets. First, a message blank printed in the form of a regular telegraph blank; second, the office record copy of parchment tissue, and third, the confirmation copy to mail the correspondent.

The message and confirmation sheets are printed on telegraph manilla and have binding margin at the left side, while the office record is of parchment tissue and transparent. By placing a piece of carbon (carbonized on both sides) between the tissue and confirma-

*From Beach's Magazine.

tion sheet you get three copies of your message in this manner. The message blank is your original copy, the carbon produces a copy on the confirmation sheet, and a reverse copy on the tissue or record sheet, which being transparent shows through forward from the reverse side.

These blanks are arranged for either pencil or typewriter use. If the sender wishes blanks for pencil use the series of blanks are bound in pads for use in detachable covers. The message and confirmation sheets are perforated in the margin and the tissue or office record copy remains bound in the pad for checking and reference purposes. Should the sender wish to use these blanks in connection with the typewriter, the blanks are put up in pad form (not wire stitched), the typist tears off a triplicate series of blanks, inserts the carbon and writes the telegram, sending the message and confirmation copies and filing the tissue or office copy upon a post binder for which purpose these record sheets are punched with holes in the margin.

INVESTMENTS

Conducted by Franklin Escher

HOW EUROPEAN BANKS LEND MONEY*

By Thornton Cooke, Treas. Fidelity Trust Co., Kansas City

IN reforming the currency system and banking methods of the United States, we need all the information we can get. When you are thinking of changing the machinery of a mill, you study the machinery other mills are using for the same purpose. So with finance. In the chief countries of Europe, there is financial machinery that seems to work to perfection. Those countries scarcely have currency problems. The circulation of notes expands and contracts so automatically that there is never a surplus and never a deficiency.

European business is transacted not with notes, but with bills of exchange, and these bills for the most part are those drawn in the carrying out of actual business transactions; that is, to procure payment for merchandise sold or contracts performed. The manufacturer of cotton prints, for example, wishing to borrow money, draws a bill on the merchant to whom he sells his prints, the latter accepts it, and the manufacturer sells the accepted bill, or draft, as we should call it, to his bank. There are, of course, what are known as finance bills; drafts made by one bank upon another for the mere purpose of raising money, but, while such bills are large in the aggregate, the volume of them is really very small compared to the volume of bills drawn in connection with the actual purchase and sale of merchandise.

Salability.

Mercantile bills are readily salable, even in time of panic. Their currency is greatly increased by the fact that many of them are "accepted," that is, guaranteed, by banks. There are banks in London, for instance, that almost confine their business to accepting bills of exchange. Such banks are usually successors to great mercantile houses of other days; houses of such well known credit in trade that their acceptance on a bill always made it current. Gradually they came to lend their acceptance to bills even when not concerned with the mercantile transactions upon which

*Taken from an address recently made by Thornton Cooke before Group 2, Missouri Bankers' Association.

the bills were based, accepting merely for a commission. This branch of the business was profitable, and the mercantile branch was gradually given up. It is not only, however, the private banks that accept bills for a commission; all the joint stock banks of London carry on this business to a very large extent.

There is at every foreign financial center a constant, active discount market employing, especially at London, an army of accepting houses, discounting houses and bill brokers. Through the play of this market, the ebb and flow of trade is automatically compensated, and there is not, as so frequently in America, a flood of credit at one time, and a drying up of the *very* source of credit at other times.

Acceptances and Note Issues.

The point of contact between the European discount system and the note-issuing functions of the central banks lies in the fact that the central banks will buy bank-accepted, trade bills under any conceivable circumstances. The Bank of England, for instance, is allowed to issue a certain amount of notes against the government debt it holds, and beyond that point it must hold specie against its notes, pound for pound. On seveal occasions, however, since the adoption of the bank act of 1844, the English government has suspended the bank act; that is, has permitted the bank to issue its notes without holding pound for pound of specie against them. It is well known that the bank act will be suspended whenever any crisis becomes acute, and that the bank will go on discounting good mercantile bills of exchange regardless of the condition of its reserves. This it can do, because it can use its notes to pay for them, or what is the same thing, can credit the proceeds to the seller's account and pay his checks with notes. At such times it will raise its discount rate, of course, so that only those who really need accommodation will seek it.

The same principle, with many variations of detail, governs operations of all the central banks of Europe. They are not always quite the largest banks, but their relations with the governments and their policy of maintaining high reserves instead of seeking the maximum of profit enable them to dominate the situation.

It may surprise a good many people to learn that bills of exchange are discounted abroad at a less rate than is quoted in the case of loans based upon the very best of securities, such as high grade railroad bonds. The difference is usually one per cent. There is no difference in the security of the loans, but the banks would rather have the bills of exchange with their short maturities, not over ninety days, knowing that in case of any falling off of deposits, or increase in demand from their own particular customers, these bills of exchange can readily be marketed, permitting the business of the banks to continue its even way.

In 1907.

It will be interesting to recall the part that bills of exchange played in stopping the American panic of 1907. In Europe the shock of the panic was felt first and worst in England. The reserves of the Bank of England ran low, and its rate ran high, to seven per cent., a rate wholly abnormal where a good financial system is in force. To prevent a further advance in the Bank of England rate, with possibly grave consequences to European industry and finance, the Bank of France came to the rescue. It could not handle paper payable in America, and so could not come to the relief of the American situation directly, but it did open a portfolio for the discount of bills accepted in England. It was required that these bills be accepted or endorsed also with two French names of the highest standing. The Bank of France paid for these bills in American gold coin, $20,000,000 of it. This coin was placed at the disposal of England, and formed a part of that enormous sum of gold, exported from Enrope to the United States, which finally caused the disappearance of the

currency premium. It was trade paper that broke the back of the panic.

In This Country.

Is the European system practicable here? If so, why is it not already in use?

The foundation of the system, as we have seen, is bills of exchange instead of notes. Bills of exchange could, without any change of the law, be used here now. They are used here now. In general, however, and with many exceptions, American manufacturers and merchants prefer not to give acceptances, or even notes. Apparently, they dislike to feel that their trade obligations must be settled on a fixed day on penalty of discredit at the bank if they are disappointed in making collections and find themselves unable to take up their notes or acceptances. In a developing country like ours, trade is subject to many vicissitudes, and its course cannot be predicted with the accuracy possible in regions settled centuries ago. Out here, where the economic frontier was only yesterday, and farther west where it lies now, crop failures may keep even a solvent merchant from settling on the day. He prefers that his transactions be wholly with his jobbers; and, perhaps, while we are still in the period of development, it is better so. Renewals of trade obligations are necessary here, as they are not necessary abroad, and the very essence of the discount system based on the bill of exchange is that the bill will be paid when due.

I see no reason why bank acceptances to a moderate extent should not be legalized, but I am convinced that the difference between the American and European systems is not dependent upon any point of law; the difference lies deeper, and goes to the fundamental difference in the economics of countries ages old and countries where the farmers and traders are still pushing the frontier back.

Country banking in Europe has not been enough studied. It is much less widely extended on the continent than in England. The leading banks seem not to have their branches so widely scattered. In France and Germany, the place of such branches is largely taken by coöperative societies or agricultural banks which lend to their own members,—farmers, small merchants, professional men in the smaller towns, and so on. Here, as in the banks proper, the lending is done by means of bills of exchange, but these bills are frequently renewed; a proof that country banking cannot be done on the ninety-day plan, nor on the high basis of advances only on the actual movement of products. These coöperative societies are exceedingly important, having in Germany, for instance, some 1,800,000 members, and a central bank of their own to take care of excess demands upon the local societies. In France, the agricultural

banks are subsidized by the government through contributions exacted from the Bank of France upon the last renewal of its charter.

The discount methods of any banking system are, of course, its very life, and there is no limit to the amount of investigation and discussion which can be undertaken in connection with such a subject. Such a discussion as ours today can be only fragmentary. There can be for none of us, however, a more fascinating inquiry than that of how other men in the same line of business as ours conduct their affairs. We need a thorough reform of the currency; and that reform will be productive of almost unmeasured good. Perhaps we need some modification of our laws respecting discounts and acceptances, but in the main American discount customs are for Americans the best, and have proved their efficiency in the aid that American bankers have given to their fellow citizens in the magical development of this wonderful land.

THE RELATION OF FINANCE TO BUSINESS*

By Franklin Escher

THE past ten years have witnessed a great change in the relationship existing between commerce and finance. To a certain extent, to be sure, business has always been carried on with bank money, but never before has the tie between banker and merchant been drawn as close as at present. The banking end of a big business these days is as important as the manufacturing or selling end. The failure of many business concerns splendidly equipped from a commercial standpoint can be traced to insufficient management of their banking affairs.

The day of individual capital is over. No longer is a firm's wealth a measure of the business it can do, but rather a measure of the strength of its credit—of its ability to enlist the service of *more* capital. In the conduct of commercial business the bank has come to play a vital part. Nor does it matter whether the business is on a scale large or small. No really progressive concern is too rich or too prosperous to dispense with banking accommodation. The smaller the firm, on the other hand, the greater its need of banking connections which will enable it to do a business worth while. All over the country, small firms are literally being made by banks which have taken them up and are lending them the money with which to do business. The writer knows of many instances where a small business, started by men of small means, but of integrity and ability, has

*One of a series of concrete talks in the course of the Alexander Hamilton Institute, New York City.

through wise banking connections, become strong and prosperous.

The Tide of Modernism.

It is evident that modern developments have caused business and finance to be closely allied; it follows, then, that the business man who clearly understands the business end of banking has a great advantage over those of his competitors who do not have this understanding. Of two men starting out to row a race, the one familiar with the tide and other outside conditions has by far the better chance. So it is in the conduct of modern business. The man who realizes the banking accommodation to which he is entitled, who knows when and to what extent it is safe for him to rely upon it, has a great advantage over competitors who go plugging along in the old-fashioned way, bucking the incoming tide of modernism with the out-of-date methods of a quarter or half century ago.

An Illustration.

There exists no better practical illustration of the changed relationship between business and finance, than the way in which the banks of late years have financed trade with foreign countries. Twenty years ago the "Commercial Letter of Credit" was issued here and there to a bank's specially favored mercantile clients, but there existed no real system of financing exports or imports. Banking participation in foreign trade, on the contrary, was the exception. A merchant here who had bought rubber in London or silk in Lyons went to his banker, bought a draft on London or on Lyons and sent that over in payment. That was the old-fashioned way. It is now done very differently. The merchant instead of using his own capital to buy a draft to send abroad, gets a bank to put up the necessary money. Instead of attempting to carry through the operation on his own limited capital and seriously involving himself while the merchandise is in transit and until it can be sold and converted into cash, he goes to his bank with a proposition something like this. "Here," he says, "I have bought these goods on the other side, but if I have to pay for them now, a good part of my capital will be tied up until I get them over here and sell them. *You* go ahead and pay the man abroad from whom I bought these goods. The goods themselves you may hold as security until I get ready to sell them. When I sell them I'll pay back what you advanced on them, plus interest and commission."

An importer desiring to bring in goods does not, of course, walk into his banker's and recite the speech just given, but what has been outlined is in effect exactly what he asks for when he applies for one of these Commercial Letters of Credit. To have the bank instead of himself put up the money while the merchandise is on its way to this country and before it is sold, is the purpose of the whole operation. To conserve his own capital so that he can use it to do more and other business—that is the importer's one idea.

Further Illustration.

Another illustration of the development which the past few years have brought about in the relation of finance to commerce is to be seen in the greater interest taken by bankers in the affairs of their commercial clients. As a result of competition among bankers for live mercantile accounts, it has come about that many firms whose operations are limited by small capital are being taken up by banking houses and galvanized into activity by being given plenty of money to work with. Not infrequently, in such cases, do the affairs of the commercial house come directly under the control of the bank. Receipts for merchandise in store, for instance, are left with the banker and deliveries made only on his written order. In many cases, furthermore, invoices of goods sold are marked "Payable to the ——— Bank, for account of John Jones Co." All of which, of course, means that the bank is very closely in

touch with its client's operations. There are banking houses in New York City where one or more of the partners give their undivided time to this end of the business.

On account of the currency legislation of two years ago by which commercial paper was admitted as security for emergency circulation, there may be times during the next few years when much revision of existing ideas on commercial paper may be necessary. The fact, too, that commercial paper is bound to figure largely in every one of the pending schemes for currency reforms, makes especially important a clear understanding of this connecting link between the merchant and the banker.

Knowledge of Conditions.

In a broader sense, too, knowledge of banking and financial affairs is indispensable to the right conduct of a business, of whatever size it happens to be. Two merchants, not long ago, were discussing the panic of 1907. "It hit me," said the first, "when I was 'wide open' —big loans at my banks, a lot of notes out, cash all tied up. Looking back now, I often wonder how I ever came through." "I was lending money out at that time, I remember," said the second man, reflectively. "The way banking conditions looked early in the year didn't suit me, and all that summer I went very slow. Along about September, I remember telling my partners that we were sailing along with three reefs in. After the storm we found ourselves collecting instead of paying salvage."

The second man knew enough about banking conditions to recognize trouble when he saw it coming. The first man didn't. The next panic—and in this country it is unfortunately true that we always have to reckon with a "next panic"—will probably find the two men the same way, one prepared and the other not prepared. Only, it cannot be taken for granted that next time both of them will come through. Probably one of them will and one of them won't.

How important it is for the business man to be able to read the signs in the financial skies may be seen from the situation prevailing at present. Is the supply of credit sufficient, so that when the political storm blows over, business will be able, at once, to resume its interrupted course? With trade halting as it is at present, the question of the next move is all-important. For a business man to be able to solve it to his own satisfaction, is for him to know, for instance, whether or not, to carry out the plans he has had for increasing the capacity of his mill.

Investment.

Because of their direct bearing on the way a commercial business should be run, immediate financial conditions are thus of the utmost concern to every business man. That, however, is but one of the reasons why he need understand them and in his own mind be able to forecast their course. Another reason, very nearly if not quite as important, is the bearing financial conditions have on the investment markets. In the development of modern commercial business it has come about that

the connection between it and the market for securities has been drawn exceedingly close.

That this is so in the case of big corporations which appeal directly to investors with their public offerings of bonds whenever they want to raise new money, is plain enough. Just as true, however, is it in the case of smaller concerns whose capital is all privately subscribed. Theirs is a different sort of interest, but it is just as real. In the bond market, these days, purchases and sales by business houses are an influence of first-class importance. Where a decade ago a bond house did business for perhaps one or two commercial firms, it now does business for a dozen or twenty.

The Question of Surplus.

The reason is that business is done not only on a bigger scale now than formerly but also along more scientific lines. The investment of part or all of a business firm's surplus in bonds used to be an almost unknown thing, whereas it is now coming to be the rule. The investment in bonds of business capital made idle by trade depression was hardly thought of twenty years ago. To-day, the moment commercial business shows signs of slackening and capital begins to overflow the narrowing channels of trade, business firms appear in the market as large buyers of bonds. Competition has become so keen that be the times active or quiet, capital must be kept at work earning some sort of a return.

What sort of bonds to buy and when to buy them—when it is safe so to invest business capital only temporarily idle and when it isn't safe—these and a thousand similar questions present themselves to the man whose business is being run along progressive lines. To answer them requires more than that trading shrewdness which is responsible for so many men's business success, and too often regarded as all-sufficient. Investment is a science—a science that takes time and study to master, but the mastery of which yields rich returns.

CONVERTIBLE BONDS

By L. G. Stonebraker

THE idea of bridging such a chasm as exists between the staid and conservative exponent of the financial world known as the Investor, and that impersonation of avarice with rainbow-chasing proclivities whom we are wont to style the Speculator, would seem to be in juxtaposition to a tale from Arabian Nights, yet that is precisely what the convertible bond accomplishes.

The contemplation of a lender, or creditor, by virtue of such relation becoming the recipient of an option running for a long term of years, by the exercise of which he may shift his position to that of a partner, is indeed novel and striking. While the stockholder may have worried along without remuneration in troublous times, striving to keep the corporation's head above water, the bondholder may have done nothing but threaten, sitting high and dry and serenely clipping coupons. And why not! Does he not hold the direct obligation of the concern to pay him, in good times and bad, the interest on his bond as it shall accrue, and finally, to convert the bond into United States gold in case he shall not have chosen to exercise the privilege to convert it into stock? But when the storm has calmed and the waters of misfortune have receded, behold the bondholder, with no show of erubescence, stepping down into the green grazing fields along with those erstwhile eaters of barnacles. And why not! For though his evidence of debt have all the attributes of a bond in bleak December, shall he be denied the right conferred to metamorphose in fragrant June?

From the Standpoint of the Buyer.

This discussion is not concerned with the origin or history of the convertible bond, nor with a research into the nice points and peculiar virtues of the several issues extant, but rather with the general utility of that particular class of paper from the standpoint of the buyer, and, incidentally, with its immediate and ultimate offices as affecting the vendor. For, if it be prudent that a bondholder (or creditor) should examine the forces which exert an influence upon the financial integrity of the concern whose obligation he purchases, and likewise, that a stockholder (or partner) should peer into the practical and economic functions of the enterprise with which he associates himself, how much more essential that one who would assume those relations *seriatim* should ponder well the dual position which he will bear to the corporation, with particular regard to the effect upon the corporation of the operation of that financial device which bestows such a bounteous privilege upon him.

Profit Sans Risk.

Now, as a convertible bond partakes of the character of an ordinary bond as regards safety and stability of value, through its bond merit, and embodies the attributes of a speculative stock as regards market activity and earning and price increment, by virtue of the conversion privilege, it is quite clear that when, by reason of appreciation in the stock price the convertible is sympathetically acted upon, no prejudicial influence has operated upon the bond value. Furthermore, that, with the exhaustion of the forces which have served to accelerate the price of the stock, its resultant decline could do nothing to the detriment of the bond once it had retraced its movement. If, in the interim, the bondholder had failed to avail himself of the opportunity to make a speculative profit, he would merely be in statu quo with his bond, even though the stockholder may have suffered through stock dividends being reduced or passed. Thus a speculative profit is afforded without an attendant speculative risk.

Of course such a one as would expect to combine the maximum of security and the maximum speculative possibility will scan the list of convertibles in vain, but through this happy medium may be realized factors of safety commensurate with other bonds largely held, and by many regarded, as investment bonds. This is strongly attested by the fact that in the panic of 1907 the best convertibles did not sell to yield more than five per cent. while many first mortgage railroad bonds sold to yield considerably more. As to probable appreciation in price, certain of the convertibles stand head and shoulders above many of the so-called low-price stocks largely speculated in but of doubtful real value. Convertibles of an industrial concern have, in recent years, advanced several hundred per cent.

Security Underlying.

According as one prefers a bond affording high-class security, even though its convertible features be not at the time particularly tempting, or is willing to accept a bond of moderate safety for the sake of what it may promise through convertibility, so may his selection be made. Convertibles, not unlike ordinary bonds, are backed by everything from a direct first mortgage down, sometimes *up* (for a mortgage may be styled some sort of a "first

mortgage" when in fact it is a junior lien on all but a very inconsiderable part of the property mortgaged), to the I. O. U. of a friend. And, too, like other bonds, they are usually callable at a stipulated price (often a substantial premium) upon certain dates. Of course if a bond is redeemable before maturity, and the company elects and gives notice of the exercise of the privilege to redeem ,the conversion privilege will presently terminate. Also, the right of the holder to convert his bond may or may not accrue from the date of the issue of the bond, and, in most cases, the bond survives the conversion privilege. These are things which the buyer must take into consideration when he comes into the market to choose.

As previously indicated, one need not actually convert his bond in order to profit by the price increase due to the conversion privilege, because sufficient stock to accomplish the conversion is, or should be, held in reserve by the company for that purpose, and the bond will be quoted approximately at a figure representing what the stock would cost in bonds if conversion were resorted to. Yet, convertibles may be exchanged for stock because of the inducement held out by the greater income afforded by the stock dividends, or when, perforce, the privilege is presently terminable, or for other and dubious reasons. Therefore, whatever the nature and extent of the security underlying a convertible issue, in the proportion that bonds are tendered for conversion and cancelled, those which remain outstanding are strengthened in security. A good convertible bond may thus ultimately attain, strictly on its bond merits, the very pinnacle of investment supremacy.

Having examined the peculiar virtues of the convertible, issued and in the hands of the lender, it will be proper to attempt a discovery of its effect upon the borrower.

From the Standpoint of the Issuer.

Whoever asserts that a representative and judicious corporation may, through the instrumentality of the convertible method replenish its treasury with millions more (while promising no less to the subscribers) than by the older method of offering stock at par, may excite a suspicion that, while the stork was winging with its treasure the good mother was frightened by a windmill,—yet he has stated a perfectly demonstrable fact.

Many of our senior corporations, particularly railroads—and it is with these that we are in the main concerned—still adhere to the method adopted in the early days of offering new shares of capital stock at or slightly above par. Now, a corporation which resorted to a direct stock offering, say, at par, would receive only face value for its newly issued shares (carrying all the rights and privileges of the outstanding stock which pays, say, seven or eight per cent.), no matter what the market quotation may be.

If, on the other hand, an issue of convertibles should be determined upon, say, at par, convertible into stock at, say, $150 a share, the company would receive in the first instance slightly less than face value for the bonds bearing, say, four or five per cent. When and as stock is eventually issued through the gradual process of conversion, the company having received $150 for every share of its new stock and having otherwise improved in physical condition since the issue of the bonds, can much more readily meet the added dividend requirements. Furthermore, in such a case as we have assumed, it is by no means clear that the stockholders of the company would prefer the former plan; for one who has invested a certain portion of his funds in the stock may be averse to increasing the proportion so placed, merely on sound investment principles and without prejudice to the merits of the stock. In such event a stockholder could only profit through the sale of his "rights" with which the market may become suddenly glutted, due to the same causes which prompted him to thus act. But, on the other hand, no man could object to augmenting the proportion of his in-

vestment funds in good bonds incidentally carrying a long-term option on the stock at a fixed price.

Popularity With Investors.

These things being true, it may be pertinent to ask why this sort of financing has not been more popular. As indicated above, many of the merits of convertibles have never been widely exploited among, and consequently are not fully understood by, the investing public. The form of security offered is sometimes largely determined by what is desired. If there is a rabid public appetite for a particular class of issue, other things being equal, that which is most appeasing will be supplied. A time there was when many investors sagaciously insisted upon having only "first mortgage" bonds, and were moved to their depth to see others lending money on paper not bearing that appellation. To meet this condition financiers burned midnight oil, squinting over their maps in search of unincumbered mileage, until first mortgages were drafted and bonds issued thereunder which, but for the fact that the mortgage lien included, for instance, a rust-eaten spur connecting a vine-clad village with an abandoned race-track, could not have been labeled with that guide-post of widows and orphans.

The convertible is destined to become more common as a means of financing, by necessity, no less than by choice. Only a very few of our carrier companies have any considerable mileage that is not mortgaged up, and with after-acquired-property clauses subjecting additions and extensions to the liens of those mortgages in many instances, the convertible appears to be the most logical way out, from the viewpoint of the corporation.

Quaere: If the convertible, in comparison with other forms of paper, possesses more virtues, without more vices, in the hands of the lender; and, if it performs such good offices for the borrower, who, then, pays for it all? The

nearest approximation to a reply would seem to be that, through the convertible, both giver and receiver may be blessed. Which, perhaps, is as it should be, for if the convertible worked a hardship upon the company the inducement, and therefore the privilege, to the holder would be lessened, since in such case the company's loss would eventually become his own.

CHESAPEAKE & OHIO RAILWAY COMPANY

THE STORY OF THE PROGRESS OF A PROPERTY WHICH IS AROUSING GREAT INTEREST AMONG INVESTORS

By Robert S. Dana, of Alfred Mestre & Co.

CHESAPEAKE & Ohio is one of the principal soft coal roads. The main line passes through the heart of the bituminous coal-producing sections of Virginia, West Virginia and Kentucky. Although traversing a mountainous country, the grade is very favorable, and the company is thus enabled to transport unusually heavy train loads and to operate with great economy.

The freight density or the number of tons carried one mile per mile of road has been maintained at a high level since 1905, and the figures for the year just closed were the highest in the history of the company. The passenger density shows a marked falling off from the high figures of 1908, but it will be noted that the figures reported for 1910 show an increase over those for 1909. A table covering the freight and passenger density for a period of five years is given below:—

Year ending June 30.	Freight Density.	Passenger Density.
1906	2,575,392	110,648
1907	2,526,874	124,035
1908	2,459,008	155,806
1909	2,686,677	114,781
1910	3,161,307	117,051

During the last twenty years, the company's coal and coke tonnage, which is its chief source of revenue, has increased from 1,464,856 to 15,549,977 tons, or 961.5 per cent. That the permanency of this business is assured is evident from the following extract from a report of the National Conservation Commission: "At the beginning of 1908 there still remained available in the coal fields of West Virginia 230,389,000,000 short tons, or nearly 4,800 times the production of 1907." This coal is very desirable for both fuel and coking purposes, and always finds a ready market. At first, the bulk of this traffic moved eastward to tidewater, but of late years an increasing demand has caused more and more of this coal to be shipped westward from the mining regions traversed by the company's lines.

The capitalization of the company as of June 30, 1910, on a per mile basis, was: Bonds, $78,519; stock, $32,430; total, $110,949.

When considering the earning power of railroads, especially for a series of years, the figures given should be reduced to a per mile basis. In this way only can a true comparison be obtained, as the "average miles operated" of a company often shows changes from year to year, especially among the larger systems. This basis is made all the more necessary when different lines

Year, June 30.	1910.	1909.	1908.	1907.
Gross earnings	$31,237,169	$26,630,718	$25,843,272	$25,796,861
Operating expenses and taxes	19,810,443	17,168,438	17,977,808	17,384,730
Net earnings	$11,426,726	$9,462,280	$7,865,464	$8,412,131
Other income	1,161,365	708,863	762,832	244,360
Total net	$12,588,091	$10,171,143	$8,628,296	$8,656,491
Interest, etc.	6,297,605	6,159,016	5,843,909	5,263,492
Balance	$6,290,486	$4,012,127	$2,784,387	$3,392,999
Equivanlent, per cent	10.02	6.39	4.43	5.40
Paid on Common 4½%	2,668,617	2% 1,255,814	1% 627,907	1% 627,907
Surplus	$3,621,869	$2,756,313	$2,156,480	$2,765,092

are to be compared. The following tables show the earnings and expenses per mile of road operated, and dividends paid for the years 1909 and 1910:—

Year, June 30.	1910.	1909.
Average miles operated	1,937	1,897
Freight revenue	$12,856	$11,012
Passenger revenue	2,583	2,363
Total revenue	16,126	14,038
Operating expenses	9,776	8,627
Net operating revenue	6,350	5,411
Total net income	6,950	5,784
Charges, taxes, rentals, etc.	3,702	3,669
Balance for dividends	3,248	2,115
Dividends paid	1,407	662
Surplus	1,841	1,453
Ratio of operating expenses to total operating revenue.	60.6%	61.5%

The development of the Chesapeake & Ohio during the past twenty years is well worth recording. During that period the average mileage operated has increased from 931 to 1,937, or 108 per cent.; the gross earnings have increased from $7,161,949 to $31,237,169, or 336 per cent.; the freight tonnage has increased from 3,760,577 to 22,892,229, or nearly 509 per cent.; and the revenue freight train load in tons has increased from 225 to 701, or 211.5 per cent. The net income for twenty years, after deducting operating and interest charges, amounted to $35,234,044; amount paid in dividends during same period (26.92 per cent of net income), $9,485,116; remainder devoted to improvement of physical or other assets, $25,748,928.

The model policy of the Pennsylvania has been a dollar for the property for every dollar in dividends, but it will be noted that in this case during the past twenty years, the management has put back into the property nearly three dollars for every dollar they have paid out in dividends.

The year just closed was in most respects the foremost in achievement of any in the history of the company. Not only were the earnings, both gross and net, larger than those for any previous year, but also there was a new record made in the volume of freight tonnage secured, and in the efficiency with which it was handled.

Another most important achievement was the acquisition during the past year of about 810 miles of road as described above. All of this mileage has been acquired by the purchase of securities upon which practically no returns were received during the period covered by the last annual report, while the money used in making these purchases was a charge against the year's income. In spite of this fact, however, the road was able to show for the year just closed the largest surplus earnings for any one year in its history.

The importance of these acquisitions cannot be too strongly emphasized. By means of them the Chesapeake & Ohio is now in a position to handle through traffic from the Atlantic seaboard to Chicago and other points on the Great Lakes over its own lines. At Chicago, and elsewhere, connections can be made with others of the Hawley roads, that penetrate the great agricultural regions of the Middle and Northwest, and thus

a very large amount of grain may find its way to the seaboard over the Chesapeake & Ohio in exchange for a large and profitable volume of traffic from the East, and from the soft coal regions adjacent to the company's lines.

The late Collis P. Huntington was the moving spirit in the affairs of the Chesapeake & Ohio, at its inception and during its early stages of development. It was his plan that this road, with its unexcelled terminal facilities at Newport News, should some day be the eastern outlet of a large western system. When it is remembered that Edwin Hawley, now the controlling factor in the company's affairs, was a pupil and associate of Mr. Huntington, it seems fair to presume that the original programme will be carried out, especially when the recent additions to the company's mileage are taken into consideration.

THE JUDICIOUS INVESTMENT OF MONEY

THE EMPLOYMENT OF FUNDS TO THEIR BEST ADVANTAGE IN THE FIELD OF LEGITIMATE INVESTMENT

By Charles Lee Scovil, of Spencer Trask & Co.

WHAT is judicious investment? It is employing your money to its best advantage within the limits of the field of legitimate investment, which is entirely apart from that of business ventures, or highly speculative undertakings. Broadly speaking, and taking into account marketability as well as safety, this field may be divided into four sections, as follows:

First—Where money will earn about four to five per cent., and have as security the highest grade railroad bonds, equipment bonds, municipal bonds, public utility and other corporation bonds, guaranteed stocks, and standard investments of similar type; all having an active or a broad market.

Second—Where money will earn about five to six per cent., and have as security good corporation bonds of limited market; real estate mortgages, which have no established market; railroad and corporation bonds of active market but somewhat lower grade, or preferred stocks of active market, designated as "business men's investments," because of their semi-investment character.

Third—Where money will earn about six to seven per cent., and be invested in good industrial bonds of broad or limited market; good public utility bonds of very limited market, or secured by a junior mortgage on strong properties; industrial preferred stocks of active market issued by large and well-known corporations, or industrial preferred stocks of limited market issued by corporations of established reputation and demonstrated earning power.

Discrimination should be exercised in selecting securities of all types, but especially in the six to seven per cent. class. When industrial preferred stocks of limited market are issued against properties that have been carefully examined and reported upon favorably by independent experts; when there is no mortgage or bonded debt and none can be created except with the consent of at least a majority of the preferred stock outstanding; when the earnings for a series of years have been equal to at least twice the amount of the dividend requirements on the outstanding issue; when they are preferred both as to assets and dividends over common stock, and surrounded by other necessary safeguards, they partake of many of the characteristics ordinarily found in bonds, and may be properly included in the second section, even though they may yield a return approaching seven per cent.

Fourth—Where a return of money of about six to seven per cent. and over is promised, but where the security com-

prises distinctly low grade bonds or low grade dividend paying stocks of well-known corporations. Issues of this type are sometimes attractive to investors who buy semi-speculative securities with the hope of realizing a substantial profit. In this section also may be included real estate debenture or income bonds (which are not a direct mortgage but issued simply against equities), irrigation bonds when issued against properties in course of construction, or other securities of similar type, all of which are, in our judgment, highly speculative, and which we would be unwilling to recommend for judicious investment.

This should make it clear that while all of the above types of investment may be legitimate, they might not in every case qualify for judicious investment. For example, not only do the *sections* differ one from another, but in *each section* will be found some investments distinctly better than others.

A Combination Investment.

There are investors who should seldom go outside of the first section; others might properly have an interest in the first three sections; while still others might take the best that each of the four sections has to offer. This is one of the problems which knowledge of investment will help you to solve.

To illustrate, take a sum of $5,000, to be invested in each section of the field, as follows:

The result is, two different types of investment in the first section, one of which could be sold for "spot cash," and the other on short notice; one investment of limited market in the second section; one investment of limited market in the third section, and one semi-speculative investment of active market in the fourth section.

While the industrial preferred stock, included in the third section, yields a higher return than the semi-speculative bond in the fourth section, it would be, if properly selected, far the safer investment of the two. The lower yield of the semi-speculative bond would be explained by its active market, permitting of quick convertibility into cash. However, if the preferred stock were part of an issue underwritten and widely distributed by a responsible investment firm, it would command a reasonably broad market under normal conditions. This also would apply to the good corporation bond of limited market in the second section.

If the investor did not care to risk any part of the money in the purchase of semi-speculative investments, but did want to retain the same ratio of quick convertibility, a high-grade bond of a different type than those mentioned above could be substituted from the first section. This would not reduce materially the average yield on the total $5,000.

On the other hand, if quick convertibility were not essential, a type of investment different from those illustrated

Section of Field.	Type of Investment.	Yielding About.
First	$1,000 underlying railroad bond	4.80%
First	1,000 high-grade public utility bond	4.80%
Second	1,000 good corporation bond of limited market	6.00%
Third	1,000 (10 shares) industrial preferred stock	6.75%
Fourth	1,000 semi-speculative bond of active market	6.00%
	Average yield about	5.56%

above could be substituted from the second or third section, without reducing the average yield of about 5.56 per cent. on the total $5,000.

Within the First Section.

Furthermore, assume that it were not deemed prudent to go outside of the first section. Diversification still would be feasible and practicable, both with respect to the types of investment and the geographical location of the properties. Thus:

Type of investment.	Yielding about.
$1,000 underlying railroad bond	4.25%
1,000 high-grade equipment bond	4.50%
1,000 first mortgage railroad bond	4.75%
2,000 high-grade public utility bonds	4.80%
Average yield about	4.65%

Securities of this type would be entirely proper investments for a surplus reserve fund by business concerns, or for any other purpose where investments should have an active or a broad market.

Systematic Diversification.

The systematic diversification of investment is equally important to people of small means. This could be accomplished by placing money in a different type of security each time an investment was made.

These illustrations prove that a trained mind and knowledge of the subject are essential to judicious investment, and no investor should lose sight of this fact.

It is also true that the examination of properties by experts, the investigating and straightening out of all legal questions, and the giving of proper attention to numerous details of more or less importance, are only the preliminary steps in the field of judicious investment.

Investors generally, when considering the purchase of securities, have not the time, opportunity, or means of personally making thorough investigations. In many cases, too, no very clear idea is had of the nature of the security sought. Therefore, before determining the types of investment in which your money should be employed, make it a rule to get the advice of a responsible and experienced investment banking firm. It is obvious that a firm having a large and modern organization, ***specializing in the investment business,*** is in a position to offer the best of facilities to the individual investor.

Is the money to be employed in the establishment of a business reserve fund? If so, the investments should be of the type included in the first section.

Are you likely to need some part of the money within a specified period of time? If so, some of the investments should comprise those included in the first section, and the remainder in some of those included in the second and third sections.

Is the money to be invested so as to earn the highest rate of income compatible with safety? If so, the selections could be confined to the types of investment included in the second and third sections.

If you are interested in securities of the type included in the fourth section, it would be well to keep in mind the semi-speculative character of such issues.

NEW YORK REAL ESTATE AS AN INVESTMENT

NO well-informed person to-day, in any part of the world, questions the safety and profit of an investment intelligently made in New York City real estate, either as owner or as mortgagor. Nowhere on the globe is there any large area of real estate so enormously valuable as the 326.9 square miles embraced within the limits of the city, assessed in 1911 at $7,941,241,357, an increase of $897,048,683 over 1910. The assessed valuation of New York City real estate to-day is greater by $1,009,599 than that of the entire States of Pennsylvania, Illinois and Ohio; greater than the wealth of Belgium, and only $14,910,000 less than the money on deposit in the Banks of Germany, the United Kingdom, Austria, France, Italy, Russia, Denmark and Belgium.

In no other city in the world do real

estate values increase so steadily as in New York, and no other city offers so many opportunities for good investment, especially when this investment is in combination with large capital rightly administered, and under the guidance and control of reputable men, whose knowledge of real estate, of its value and of its productiveness is unquestioned.

An interesting financial experiment which if successful will no doubt be widely introduced is outlined in a prospectus issued by the new corporation with assets of $10,000,000 that not long ago purchased No. 42 Broadway, New York City, together with several other valuable freeholds. The prospectus, after calling attention to the large capital now required to hold and to improve sites in Manhattan, reads in part:

"The purpose of the New York Real Estate Security Company is to market a security the basis of which is the ownership of a large number of pieces of property as well as the ownership of a large number of mortgage investments, all of which holdings are covered by a general blanket trust mortgage to a prominent trust company as trustee for the bondholders and back of which obligation is $3,950,000 of capital stock. The trust mortgage is a unique document, combining the elasticity of the railroad mortgage with the protection of the ordinary real estate mortgage.

"Under the terms of the mortgage, money coming from the sale of bonds goes into the hands of a trustee and can only be released for the purpose of investment in real estate or mortgages, which investments immediately come under lien of the mortgage and cannot be realized upon without obtaining another release from the trustee, which does not occur unless the cash resulting from such realization comes back into the hands of the trustee for similar reinvestment.

"A demand exists throughout the country as well as in the City of New York for security the basis of which is the ownership of choice New York real estate and mortgage investments, and it would appear that the bonds offered by the New York Real Estate Security Company, in convenient denominations, $100, $500, and $1,000, should satisfy the most conservative investor."

EQUIPMENT BONDS

SOME FACTS ABOUT AN EXCEEDINGLY ATTRACTIVE BUT LITTLE UNDERSTOOD FORM OF INVESTMENT

By Ernest Lewis Nye, of Freeman & Co.

AMONG the various kinds of bonds that have been offered to the public for investment purposes during the past decade, none have enjoyed a greater degree of increasing papularity than have the railroad equipments issues. For some years, owing to the fact that a car-trust obligation was a totally unfamiliar form of security to practically every class of investor, the market for such bonds was restricted to a few wealthy interests, such as New York banks, life insurance companies and other institutions of like character, whose executives, being acquainted with the sound basic principles upon which equipment bonds were brought out, made a profitable practice of buying in

entire issues of car-trust bonds at most attractive interest rates. Gradually, however, and mainly through the efforts of a few firms who were specializing in this class of security, the market was materially broadened. Inquiries began to come in from the West and South and persistent advertising campaigns carried on through the medium of the financial columns of standard newspapers and magazines, slowly but surely built up a substantial clientèle among private investors throughout the country. Banking houses of international reputation found themselves able to place blocks of equipment bonds with great success abroad. In France, England, Holland and Germany ready markets for American car-trust securities were discovered. During long periods of easy money the popularity of these bonds increased by leaps and bounds.

New York Central Equipments.

In 1907 the New York Central lines brought out an equipment issue at a five per cent. interest rate, secured upon new improved equipment, to yield the purchaser better than five per cent. Keen sighted investors were not slow in recognizing the wonderful cheapness of these bonds. Here was a bond secured upon essential rolling stock of the New York Central lines and in addition bearing the unconditional endorsement and guarantee, severally and jointly, of the New York Central, Michigan Central, Cleveland, Cincinnati, Chicago & St. Louis, Lake Shore & Michigan Southern and Chicago, Indiana & Southern, and yielding better than five per cent. The unsecured debenture bonds of any of these roads could not be purchased in the market to yield anywhere near this return. These New York Central equipment bonds were quickly taken up. During 1908 they went to a premium, and this premium increased during the spring of 1909. In July, 1909, all maturities of this issue were so tightly held that a bid of a 4.20 per cent. basis by one of the large insurance companies was not successful in getting out any considerable amount of bonds. In 1910, J. P. Morgan & Company brought out $30,000,000 more New York Central lines equipment bonds to net 4.70 per cent. The new bonds which bore interest at the rate of four and one-half per cent. were brought out at an average price of about ninety-nine. At the time of writing, various maturities of this issue are quoted from 100⅜ to 101 bid and show every evidence of reaching an even higher figure.

Safety.

"Safer Than First Mortgage Bonds," a watch-word with one of the leading equipment houses, was speedily adopted by equipment bond salesmen as a forcible argument in favor of car-trust bonds. The record of various receiverships was used to substantiate this statement. The most recent example, namely the Buffalo & Susquehanna receivership of 1910, strikingly demonstrated the security of the car-trust bonds. In this instance the first mortgage refunding four's and the first four and one-half's were defaulted, and most of the holders of the mortgage securities have deposited their bonds with protective committees, in order to try and get as much out of the reorganization as possible. This, however, is a tedious and patience-trying process. In direct contrast, the holders of the equipment bonds have received not only their interest but also their maturing principal as it came due. By special court order, the receiver was instructed to sell receiver's certificates in order that the car-trust bonds might be promptly paid.

To the investor heretofore unacquainted with the fundamental solidity of car-trust obligations, the assertion that equipment trust securities of standard American railroads are safer than the first mortgage bonds of the same railroads may appear rather sweeping. However, a brief resumé of the history, origin, purpose and investment possibilities possessed by railroad equipment bonds will serve to demonstrate that for safety, high yield, marketability and general investment utility a standard railroad equipment bond greatly sur-

passes any other form of railroad obligation.

Origin.

Railway equipment bonds owe their origin to the absence of proper provision in the general mortgages of the railroad companies for the purchase by deferred payment of new equipment. The acquirement from time to time of new and improved rolling stock being absolutely essential to the successful operation of a railroad, it became imperative years ago that a method of raising funds to meet such requirements be devised. The result was the equipment trust bond.

How Created.

In arranging for the bringing out of an equipment issue, negotiations are, as a rule, conducted between three parties, the railroad company, the equipment manufacturing company, and the trustee of the mortgage (the last named is usually a bank, trust company or large banking house). After specifications, prices and dates of deliveries have been satisfactorily adjusted, the railroad company makes an advance cash payment of from ten to twenty per cent. of the total cost of the equipment. The trustee thereupon pays the equipment company the remainder of the amount due and receives at the same time from the railroad company its direct obligation to discharge in a stated length of time the remainder of its indebtedness.

It should be borne in mind that until the last bond of the issue has been paid the railroad company simply rents the equipment. Not until the entire principal and interest obligation has been paid off does the title to the rolling stock change from the trustee to the railroad company. The obligation of the latter to pay is secured by an absolute first lien on the entire lot of new equipment, in which we thus have to begin with a cash equity of from ten to twenty per cent. Title to the whole equipment is vested in the trustee until the last bond shall have been paid. The equipment is leased by the trustee to the railroad company at a fixed yearly rental which is sufficient to retire semi-annually a stated amount of bonds and to meet the interest requirements on the outstanding indebtedness. As the bonds mature every six months, covering a period extending from ten to twenty years, the advantage of this arrangement becomes instantly apparent. For while with each successive payment by the railroad company the bonded indebtedness decreases, the equity in the outstanding bonds increases to a corresponding degree; the final payment of the mortgage being secured by property worth from twenty to forty times the face value of the bonds.

Naturally the idea that may arise in the mind of the prospective investor is: "But railroad rolling stock suffers in depreciation of value." To a certain extent this is true. However, under the equipment trust agreement such depreciation is minimized. The average life of rolling stock is well over twenty years. The railroad company is bound by contract to keep the equipment fully insured against fire and other damage, and must replace at once any part or portion of the equipment which may be destroyed. In addition to the foregoing provisions, it is customary that every piece of equipment pledged under the

equipment trust be numbered and bear a conspicuous metal plate naming the trustee as sole owner, such as "Guaranty Trust Company of New York, Trustee and Owner."

A Preferred Obligation.

In accordance with a decision of the United States Circuit Court, equipment bonds are held to be preferred obligations to all mortgage claims, and must be paid out of the revenues of the property the same as wages and labor. The wisdom of this ruling is evident. Without locomotives, passenger cars, freight cars, etc., the roadbed, terminals and other stationary property become immediately useless. It therefore transpires that in the event of a railroad going into a receivership it is incumbent upon the receiver to first raise funds to care for the equipment bonds, otherwise the trustee of the equipment, by foreclosure proceedings, may render the railroad company helpless to do business. Consequently it is a matter of record that in some receivership proceedings the equipment bonds have been paid, principal and interest, when the first mortgage securities have been defaulted upon.

Ninety-four thousand miles of railroad went into the hands of receivers during the years 1894, 1895 and 1896, on which were outstanding $60,000,000 of car-trust obligations. The holders of the equipment bonds did not lose a dollar, while, with a slight exception, all other securities were reduced in rate or refunded for a less amount.

General Investment Utility.

The following salient facts should prove conclusively the general investment utility of car-trust obligations:

Equipment bonds, always in demand from the larger banks, trust companies and insurance companies, are becoming more popular every day with the directors of the country banking institutions throughout the country. Although hitherto a somewhat unfamiliar form of security, the sound principles upon which bonds of this sort are issued and their many other advantages are rapidly being recognized by all classes of investors. This ever increasing demand naturally tends greatly to broaden the general market for these bonds, and their convertibility into cash is therefore considerably enhanced.

Equipment bonds are especially attractive to the small investor. In no other form of security can the man who has only two or three thousand dollars to invest obtain so high an interest yield with such a corresponding degree of safety of principal.

Equipment bonds within a year or six months of maturity form the finest kind of "time money proposition." Possessing as they do all the advantages of a regular collateral loan, they are not subject in any degree to the fluctuations of an erratic stock market, and in addition are immediately convertible into cash.

Equipment bonds possess unequalled stability of market price, and are, therefore, very adaptable to the requirements of a business surplus.

The direct car trust obligations of such roads as the Pennsylvania, New York Central, Delaware & Hudson, Norfolk & Western, Chesapeake & Ohio, Virginian Railway, Southern Railway, Hocking Valley, Missouri Pacific, St. Louis & San Francisco, and other well known roads can be purchased at prices to net the investor from four and one-eighth per cent. to five and one-half per cent.

INVESTMENT FUNDAMENTALS

SOME of the more important fundamentals in the science of investment are thus set forth in a treatise on "What Constitutes a Good Investment," issued by the Guaranty Trust Co. of New York:

While there cannot be any fixed rule by which to measure all securities on account of their different characteristics, which may in nowise affect their safety, there are nevertheless several fundamental points which are of prime importance, and should be considered by the prospective investor. Without going exhaustively into these investment factors, we believe every purchaser of securities should be satisfied on the following points:

Security of Principal.

Of greatest importance is the safety of the funds invested. This is dependent upon two factors: First, in the case of bonds that are simply an obligation without concrete security, *upon the credit of the company*, and second, where the bonds are secured by lien on specific property, *upon the value of the property pledged.* While the general credit and standing of the company should be considered in both cases, it is evident that it is of more importance where the obligation depends entirely upon the simple promise of the company to pay. When the bond is secured by a lien on property, a careful study should be made of the value of this property, and a judgment formed as to its ability to satisfy the obligation in full if it were sold under foreclosure proceedings. In order to entirely cover the indebtedness, the property should have a value in excess of the amount of the obligation against it, leaving an equity or margin sufficient to cover any possible shrinkage in value and the cost of a forced sale.

Where the property is subject to deterioration through usage, the elements, or otherwise, causing a depreciation in its value, it is absolutely essential that some provision be made for the maintenance at all times of a proper margin of value above the amount of outstanding indebtedness. With the decrease in the value of the property there should be a proportionate decrease in the indebtedness against it. This may be accomplished through the operation of a sinking fund, which is created through the setting aside of a certain amount of money at stated intervals for the acquisition and cancellation of part of the bonds outstanding; or it may be accomplished through the gradual extinguishing of the indebtedness through periodical payments of the principal. All physical properties are subject to deterioration to a greater or less extent. It must not be thought that because one property is subject to a greater amount of deterioration than another that its securities are of a doubtful character—the chief point to be considered is *whether or not the percentage of equity or margin in the property over and above the indebtedness remains as great under the changing conditions.* This is of importance in industrial issues where there is a certain amount of deterioration in the plant, in mining properties where there is a constant extraction of value from the property, and in issues secured by lien on railroad equipment which is subject to deterioration through usage. Railroads are obliged to expend from their earnings considerable sums of money yearly to maintain their properties in good operating condition, and for this reason sinking funds have not been found necessary in railroad bond issues.

Safety of Interest.

The next point for the prospective investor to consider is whether or not he will continue to receive the interest on his investment. The assurance of the safety of the principal does not of necessity guarantee the safety of the interest. The property while of value may be so inefficiently managed as to show no earnings on the investment. The capability and integrity of the management should therefore receive careful investigation.

Of equal importance is a considera-

tion of the nature of the business done. In the case of railroads a study should be made of the character of the freight carried, as the major part of the revenue of railroads is derived from this source. This should be of a diversified nature so that the failure of a crop or the depression in the business of any one industry will not necessarily affect the general earnings of the company.

In industrial bonds the companies that manufacture articles of necessity possess a more stable earning power, as during seasons of depression the earnings of companies that manufacture articles of luxury are easily affected.

Market Conditions.

Outside of the real or intrinsic value of the security there are other factors which should be considered. When an issue of bonds is of sufficient size and importance to be known by investors in general, the bonds command a market in financial centers, and have a quoted or market value. Owing to the changing technical conditions of the market, the quoted value may at times be at odds with the real intrinsic value of the securities. The investor then should know whether or not he is purchasing under favorable conditions and consequently receiving full value for his money. Having satisfied himself as to the character of the securities under consideration it is important to know whether the market is of sufficient breadth to take the bonds in case he should desire to liquidate his investment. If it is intended to hold the security until it matures, it is not necessary to take into consideration the market conditions. In this case all the investor is concerned about is the receipt of his interest and principal when due.

Bond issues are created for various periods ranging from one year to one hundred years or more. If an investor decides to hold his security until it matures, say about thirty years, he should be very sure that he will not require his money in the meantime. Where he purchases a security maturing in about three years, the investor can pretty well determine whether or not he can afford to forego the use of his money for this period in lieu of interest returns. It is, therefore, necessary that due consideration be given to the market for the securities, especially in the case of long-term bonds, so that if need be the investment may be readily reconverted into money.

In determining whether or not the securities enjoy a good market it should not be thought that because an issue is not listed on a stock exchange it does not command a market. It is a well known fact that there is a larger market in bonds outside than within the stock exchange. For instance, equipment bonds, which are actively traded

in, are seldom listed on the New York Stock Exchange, on account of the fact that equipment trusts are created for a period of about ten years with a certain proportion of the bonds maturing semi-annually and are a transit indebtedness of the company. Short-term notes are a floating indebtedness, being created to provide temporary financing and are rarely listed. Short-term notes of standard corporations command a very active market as they are not subject to extreme market fluctuations, maintaining their price near their constantly approaching maturity value, which is the fixed face value of the bond.

VARIOUS CLASSES OF RAILROAD BONDS

DESCRIPTION OF SECURITIES WITH WHICH ALL INVESTORS ARE NOT FAMILIAR

IN an interesting treatise on "Railroad Bonds as Investments," issued by Potter, Choate & Prentice, of New York, some points of great intrest to investors are made. An excellent description of railroad mortgage bonds is given, together with the following description of various other kinds of railroad securities:

Collateral Trust Bonds and Notes.

Bonds of this character are usually secured by a deposit with a trustee of securities of either the issuing company or those of other companies. Such issues are frequently additionally secured by a lien on property owned by the issuing company and are at times an indirect first mortgage through the deposit of first mortgages.

The investment value of such a bond depends on two points: The value of the securities pledged for its payment and the desirability if through default, they become property of the bondholders, and secondly the strength and ability of the issuing company to pay this obligation in case of insecurity of the collateral pledged.

Convertible Bonds.

This class of investment has found great favor among investors in the past few years and may be defined as a bond similar to those previously described, being a direct obligation of the issuing company, running for a certain length of time, and bearing a fixed rate of interest. In addition they carry the privilege to the holder of exchanging it under certain conditions, usually for the capital stock of the company and in some instances are a direct lien on the property of the company.

In this way the holder of such a bond, in addition to being assured of a fixed rate of income on his investment, has an opportunity to share in the increased earnings of the company through the appreciation in value of the stock into which the bond is convertible. It is not necessary to convert the bond to take advantage of this increase for if the conversion privilege is in force the bond will advance smpathetically and may be sold and the profit taken. Conversely, if the price of the stock falls below the convertible figure it does not necessarily mean that the bond will be likewise affected for it will still stand as a fixed charge against the company and be entitled to all credit as such.

Convertible bonds viewed from a point of safety are usually equally as valuable as other junior liens of the same issuing company. Their merits must be determined entirely by the standing and credit of the company and how they rank as prior or junior liens.

Equipment Trust Certificates.

Equipment trust certificates variously described as "Car Trusts," "Equipment Bonds," and "equipment notes" date back to 1873 and since that time have shown a most remarkable record for safety, and when issued under the right

conditions are among the safest and most conservative forms of investment.

As the name implies, an "equipment bond" is one issued to provide funds for the purchase of new rolling stock—cars and locomotives. They are as a rule issued as coupon bonds in the denomination of $1,000, or multiples thereof, bearing semi-annual interest, and maturing serially, usually from one to ten years, a certain portion being paid off either annually, semi-annually or quarterly. In this way ample allowance is made for the deterioration of the equipment, for the depreciation in its value is not so rapid as the amount of obligations against it. The average depreciation of standard equipment is estimated at not over six per cent. per annum, while the reduction in the amount of the equipment trust issued for its purchase is much in excess of this amount.

Equipment trusts may be issued in one or two ways:

(1) As a direct obligation of the issuing company and secured by a first mortgage on the equipment purchased at from eighty per cent. to ninety per cent. of its actual cost, the balance being paid in cash by the railroad company. The title to all equipment so purchased remains vested with the trustee for the benefit of the bondholders, until the last instalment has been paid off, when the equipment becomes the property of the railroad company. Or

(2) Under the so-called "Philadelphia plan" when the equipment is purchased by an individual, association or corporation and leased to the railroad company during the life of the equipment trust at an annual rental equivalent to the interest and principal of the certificates. The contract of lease is then assigned to a trustee which issues its certificates of participation in the lease. Certificates issued in this way are usually guaranteed by the railroad company.

Under the terms of the deed of trust securing the certificates, the title to the equipment in both cases is retained by the trustee until the entire issue is paid off. There is consequently no danger that the general mortgages may attach a first lien upon rolling stock ahead of the equipment trust obligations. In addition, the railroad company is obliged to keep the equipment fully insured and in complete repair and to replace any such equipment as may become worn out, lost or destroyed.

In judging bonds of this character it is but necessary to take into consideration the total amount of the equipment certificates issued against the total cost of the equipment, the credit of the company and its ability to meet its obligations.

The safety of an equipment bond lies in the fact that the total cost of the equipment of a road represents but a small portion of its total cost; and yet the roadbed and terminals which are useful only for the purpose of aiding the movement of traffic, would be merely nominal in value without the use of the equipment.

Neither the management nor the receivers of a road could operate it without the equipment, neither could they use the equipment without paying the principal and interest of the obligations outstanding against it. The courts have always recognized the necessity of this situation and have several times ordered the issuance of receivers' certificates to pay the principal and interest of the equipment obligations.

Terminal Bonds.

Terminal bonds, like equipment trust certificates, are secured by a mortgage on property necessary to the operation of the railroads and if such properties are purchased in a reasonable basis there can be no question as to the security and safety of the obligations secured on them.

Terminal bonds may be roughly divided into three classes:

(1) Those secured by a mortgage on terminal properties used by one or more railroads but which neither own or control the company nor guarantee its securities.

(2) Those secured by a mortgage

on terminal properties not owned by any of the roads using the terminal but which guarantee the payment of the principal or interest or both of its bonds, and

(3) Those secured by a mortgage on terminal properties owned by the road or roads using the terminal.

Bonds issued under group 1 are of the weakest class, this being due to the fact that the roads are simply tenants of the company using the terminal and have no interest in the operation of the company or its ability to meet its obligations.

Securities of the character described in group 2 are usually very strong and many of them may be considered as the most conservative form of investment. The safety of bonds of this class depends almost entirely upon the location of the terminal property, its value, whether it is essential to the roads using it; whether the roads agree to use no other terminal in that city and whether it could be duplicated equally advantageously at or less than the original cost. The credit, earning power and financial condition of the roads guaranteeing the bonds are also factors of importance to be considered.

Those issued under group 3 are frequently a direct obligation of the roads using the terminal and usually rank very high as investments. The points of importance to be considered in judging bonds of this character are substantially those described in the preceding paragraph.

Terminal bonds compare favorably with equipment bonds and being secured by a mortgage on real estate and buildings usually located in rapidly growing cities, an increase in the value of the property can be counted on with the growth of the city.

The foregoing is but a brief description of the principal forms of bonds issued by the railroads. There are, of course, several others issued to meet certain requirements, such as First & Refunding Mortgage, First & Convertible Mortgage, First Mortgage & Equipment, etc. These are, however, nothing more than a combination of those already described, and an opinion should be formed according to the principles already outlined. This summary is necessarily brief and imperfect but true in its essential outlines of the main points upon which the value of railroad bonds should be based.

According to the principles advanced, bonds range themselves into three classes, namely:

Gilt edged investments yielding up to four per cent;

Conservative investments, yielding from four per cent. to four and three-quarters per cent;

Speculative investments, yielding five per cent. and over.

It will require very little effort on the part of the prospective investor to determine in which of these classes a bond should belong. As experience increases, however, one thing will become more and more plain, and that is, as the basis or yield advances, the risk increases in far greater proportion.

NATIONAL BANK OF COMMERCE IN ST. LOUIS PUTS BAN ON DRINK AND "SMOKES"

A SET of rules to govern the conduct of the employees of the National Bank of Commerce in St. Louis, which were drawn by the officials of the bank, has been put in pamphlet form for distribution among the clerks. They are merely a code of morals and ethics, the officials say, which their employees will be required to observe to retain their positions with the institution.

Cigarettes, gambling, drink and speculation are positively barred under the rules. Also a rule requires that employees refrain from entering discussions with one another during business hours and not pertaining to business matters. It is expected this will be observed until the opening of the baseball season. The employees are also cautioned against going into debt and are asked to consult the officials of the bank when financially embarrassed.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to February 16, 1911.]

GOVERNMENT, STATE AND CITY BONDS.

Quoted by J. Hathaway Pope & Co., brokers in investment securities and dealers in unlisted and inactive railroad and industrial securities, 67 Exchange pl., New York.

Name and Maturity.	Price.	Yield.
U. S. Gov., reg. 2, 1930	100¾-101¼	1.66
U. S. Gov., reg. 3s, 1918	102 -102½	2.60
Panama Canal, reg. 2s, 1936	100½-101	1.94
Dist. of Columbia 3-65s	105 -106	...
Alabama 4s, July, 1956	101 -104½	3.77
Colorado 4s, '22 (op. '12)	95 -100	4.00
Connecticut 3½s, Apr. '30	99 -102	3.37
Georgia 4½s, July 1915	104 -105	3.40
Louisiana 4s, Jan., 1914	96 -101	3.72
Massachusetts 3½s, 1940	94½- 95	3.75
New York State 3s, '59	101½-103	2.88
North Carolina 6s, Apr., '19	114½-116½	3.80
South Carolina 4½s, 1933	103 -104	4.22
Tenn. New Settlement 3s, '13	95½- 96½	4.40
Va. 6s, B. B. & Co.ctfs., 1871	40 - 45	...
Boston 3½s, 1929	95 - 96½	3.85
New York City 4½s, 1957	106¾-107½	4.10
New York City 4½s, 1917	102¼-102¾	3.95
New York City 4s, 1959	99 - 99½	4.06
New York City 4s, 1955	98 - 98½	4.05
New York City 3½s, 1954	87 - 88	4.10
New York City 3½s, 1930	89½- 91	4.12
New York City rev. 6s, 1910	101 -101¾	1.30
Philadelphia 4s, Jan., 1938	100 -101½	3.95
St. Louis 4s, July, 1928	100 -101½	3.92

SHORT TERM SECURITIES.

Quoted by J. Hathaway Pope & Co.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity	Price.	Yield.
Am. Cig. 4s, "A" Mar. 15, '11	98½- 99¼	4.92
Am. Cig. 4s, "B" Mar. 15, '12	97½- 98¼	5.10
Am. Locomotive 5s, Oct., '10	99½-100½	4.25
Bethlehem Steel 6s, Nov., '14	97 - 98	6.20
"Big Four" 5s, June, '11	100 -100½	4.35
B. R. & P. Equip. 4½s	99 -100½	...
Chic. & Alton 5s, Mar. 15, '13	98¾- 99¼	5.25
C. H. & D. 4s, July, '13	96½- 97½	5.05
Diamond Match 5s, July, '12	98 -100	5.00
Hudson Co. 6s, Oct., '11	98 -100	6.00
Interboro 6s, May, '11	101¼-101¾	3.92
K. C. R. & L. 6s, Sept., '12	98 - 99	6.50
Maine Central 4s, Dec., '14	98 -100	4.25
Minn. & St. Louis 5s, Feb., '11	98¼- 99½	5.58
New Orl. Term. 5s, Apr., '11	99¼-100	3.45
N.Y.C. Equip. 5s, Nov., '10	100 -101½	4.15
N.Y.C. Equip. 5s, Nov., '14	102½-103½	4.15
N.Y.C. Equip. 5s, Nov., '16	103½-104¾	4.15
N.Y.C. Equip. 5s, Nov., '19	104¾-106½	4.15
N.Y.,N.H.&H. 5s, Jan., '11	100 -100½	3.70
N.Y.,N.H.&H. 5s, Jan., '12	100¾-101	3.93
No. American 5s, May, '12	99 -100	5.00
St. L. & S. F. 4½s, Feb., '12	95¾- 96½	6.00
Southern Ry. 5s, Feb., 1913	98 - 98½	5.45
Tidewater 6s, June, '13	100¾-101¼	5.35
Westinghouse 6s, Aug., '10	99¾-100½	4.25
Wood Worsted 4½s, Mar., '11	99½- ..	4.50
Western Tel. 5s, Feb., '12	99 - 99½	5.20

GUARANTEED STOCKS.

Quoted by J. Hathaway Pope & Co.
(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	270	300
Allegheny & West'n (B. R. I. & P)	135	145
Atlanta & Charlotte A. L. (So.R.R.)	180	...
Augusta & Savannah A. L. (Cen. of Ga.)	104	112
Beech Creek (N. Y. Central)	95	100
Boston & Lowell (B. & M.)	205	215
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	15	22
Boston & Albany (N. Y. Cen.)	218	221
Boston & Providence (Old Colony)	270	290
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	115	125
Brooklyn City R. R. (Bk. H. R. R. Co.)	165	170
Camden & Burlington Co. (Penn. R. R.)	140	150
Catawissa R. R. (Phila. & Read.)	112	120
Cayuga & Susquehanna (D.L.&W.)	218	...
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	15	25
Christopher & 10th St. R. R. Co. (M. S. R.)	75	85
Cleveland & Pittsburg (Pa. R. R.)	164	170
Cleveland & Pittsburg Betterment	93	100
Columbus & Xenia (Pa. R. R.)	200	215
Commercial Union (Com'l C. Co.)	100	110
Commercial Union of Me. (Com. C. Co.)	100	...
Concord & Montreal (B. & M.)	155	170
Concord & Portsmouth (B. & M.)	175	...
Conn. & Passumpsic (B. & L.)	130	135
Conn. River (B. & M.)	260	270
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila. & R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	95	100
East Pa. (Phila. & Reading)	135	...
Eighth Av. St. R. R. (M. S. R. Co.)	200	300
Elmira & Williamsport pfd. (Nor. Cen.)	135	140
Erie & Kalamazoo (J. S. & S.)	220	240
Erie & Pittsburg (Penn. R. R.)	135	...
Franklin Tel. Co. (West. Union)	40	50
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	125	135
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	252	262
Gold & Stock Tel. Co. (W. U.)	100	110
Grand River Valley (Mich. Cent.)	120	...
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	90	100
Illinois Cen. Leased Lines (Ill. Cen.)	95	100
Jackson, Lans. & Saginaw (M. C.)	84	90
Joliet & Chicago (Chic. & Al.)	164	172
Kalamazoo, Al. & G. Rapids (L. S. & S.)	135	...
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	65	75
K. C. St. L. & C. pfd. (Chic. & Al.)	125	140
Lake Shore Special (Mich S. & N. Ind.)	330	360
Little Miami (Penn. R. R.)	205	215
Little Schuylkill Nav. & Coal (Phil. & R.)	115	120
Louisiana & Mo. Riv. (Chic. & Atl.)	160	170
Mine Hill & Schuylkill Hav. (F. & R.)	120	126
Mobile & Birmingham pfd. 4% (So. Ry.)	68	76
Mobile & Ohio (So. Ry.)	75	85
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	173	180
Nashville & Decatur (L. & N.)	185	192
N. H. & Northampton (N. Y., N. H. & H.)	100	...
N J. Transportation Co. (Pa.R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd (L. I. R. R.)	107	118
N. Y. & Harlam (N. Y. Central)	300	...
N. Y. L. & Western (D. L. & W.)	120	125
Ninth Av. R. R. Co. (M. St. Ry. Co.)	150	180
North Carolina R. R. (So. Ry.)	156	164
North Pennsylvania (Phila. & R.)	196	...
North. R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)	105	112
Nor. & Wor. pfd (N.Y.,N.H.&H.)	208	...
Ogden Min. R.R. (Cen.R.R.ofN.J.)	95	105
Old Colony (N.Y.,N.H.&H.)	180	...
Oswego & Syracuse (D. L. & W.)	215	225
Pacific & Atlantic Tel. (W. U.)	60	...
Peoria & Bureau Val. (C.R.I.&P.)	175	185
Philadelphia & Trenton (Pa.R.R.)	248	...
Pitts. B. & L. (P. L. E. & C. Co.)	32	35
Pitts. Ft. Wayne & Chic. (Pa.R.R.)	166	...

	Bid.	Asked.
Pitts., Ft. Wayne & Chic. special (Pa. R. R.)	155	165
Pitts. & North Adams (B. & A.)	127	134
Pitts., McW'port & Y. (P. & L. E. M. S.)	117	125
Providence & Worcester (N. Y., N. H. & H.)	260	300
Rensselaer & Saratoga (D. & H.)	195	...
Rome, Watertown & O. N.Y.Cen.)	120	...
Rome, Watertown & O. (N.Y.Cen.)	118	120
Saratoga & Schenectady (D. & H.)	166	175
Second Av. St. R. R. (M. S. R. Co.)	10	20
Southern Atlantic Tel. (W. U.)	80	100
Sixth Av. R. R. (Met. S. R. Co.)	115	130
Southwestern R. R. (Cent. of Ga.)	100	110
Troy & Greenbush (N. Y. Cent.)	165	...
Twenty-third St. R. R. (M. S. R.)	190	220
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	166	176
Utica, Chen. & Susqueh. (D. L. & W.)	144	155
United N. J. & Canal Co. (Pa.R.R.)	241	248
Valley of New York (D., L. & W.)	122	130
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (D., L. & W.)	168	175

INACTIVE RAILROAD STOCKS.

Quoted by J. Hathaway Pope & Co.

	Bid.	Asked.
Ann Arbor, pref.	65	72
Arkansas, Oklahoma & Western—	4	9
Atlanta & West Point	132	...
Atlantic Coast Line of Conn.	230	250
Buffalo & Susquehanna, pref.	10	12
Central New England	10	15
Central New England, pref.	20	27
Chicago, Bur. & Quincy	210	230
Chicago, Indianapolis & Louisville.	50	60
Chicago, Ind. & Louisville, pref.	60	75
Cincinnati, Hamilton & Dayton	35	50
Cincinnati, Ham. & Dayton, pref.	65	70
Cincin., N. O. & Tex. Pac.	130	140
Cincin., N. O. & Tex. Pac., pref.	102	106
Cincinnati Northern	50	60
Cleveland, Akron & Columbus	70	84
Cleve., Cin., Chic. & St. L., pref.	98	110
Delaware	42	46
Des Moines & Ft. Dodge, pref.	..	70
Detroit & Mackinac	75	85
Detroit & Mackinac, pref.	90	100
Grand Rapids & Indiana	40	50
Georgia, South & Florida	30	40
Georgia, South & Florida 1st pref.	90	95
Georgia, South & Florida, 2d pref.	70	75
Huntington & Broad Top	6	9
Huntington & Broad Top, pref.	20	30
Kansas City, Mexico & Orient	15	18
Kansas City, Mex. & Orient, pref.	20	25
Louisville, Henderson & St. Louis.	12	18
Louisville, Hend. & St. L., pref.	30	37
Maine Central	205	...
Maryland & Pennsylvania	15	24
Michigan Central	155	175
Mississippi Central	30	35
Northern Central, new ctfs.	200	...
Pitts., Cin., Chic. & St. L., pref.	101	112
Pittsburg & Lake Erie	296	...
Pittsburg, Shawmut & Northern	1	...
Pere Marquette	20	25
Pere Marquette, 1st pref.	35	42
Pere Marquette, 2d pref.	24	30
St. Louis, Rocky Mt. & Pac., pref.	..	40
Seaboard 1st pref.	75	..
Seaboard 2d pref.	40	..
Spokane & Inland Empire	30	50
Spokane & Inland Empire, pref.	50	70
Virginian	20	25
Vandalia	80	84
Williamsport & North Branch	1	4

EQUIPMENT BONDS.

Quoted by Blake & Reeves, dealers in investment securities, 34 Pine st., New York.
Quotations are given in basis.

	Bid.	Asked.
Atl. Coast Line 4%, Mar., '17	4¾	4½
Buff., Roch. & Pitts. 4½%, Apr., '27	4¾	4⅝
Canadian Northern 4½%, Sept., '19	5½	5
Central of Georgia 4½%, July, '16	5	4⅝
Central of N. J. 4%, Apr., '13	4⅝	4¼
Ches. & Ohio 4%, Oct., '16	5	4½
Chic. & Alton 4%, June, '16	5½	5
Chic. & Alton 4½%, Nov., '18	5½	5
Chic., R. I. & Pac. 4½%, Feb., '17	5⅝	4⅞
Den. & Rio Grande 5%, Mar., '11	5¼	4¾
Del. & Hud. 4½%, July, '22	4¼	4⅛
Erie 4%, Dec., '11	6	5
Erie 4%, June, '13	6	5
Erie 4%, Dec., '14	6	5
Erie 4%, Dec., '15	6	5
Erie 4%, June, '16	6	5
N. Y. Cent. 5%, Nov., '11	4⅜	4⅛
N. Y. Cent. 5%, Nov., '13	4⅜	4¼
No. West 4%, Mar., '17	4¼	4⅛
Pennsylvania 4%, Nov., '14	4½	4¼
Seaboard Air Line 5%, June, '11	6	5
So. Ry. 4½%, Series E, June, '14	5½	4⅞

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

Quoted by S. H. P. Pell & Co., Members New York Stock Exchange, Brokers and Dealers in Investment Securities, 43 Exchange Place, New York City.

		Bid.	Asked.
Bleecker St & Ful Fy 1st 4s 1950	J&J	55	65
Bway Surf Ry 1st 5s 1924	J&J	102½	104
Bway & 7th Av stock	....	120	130
Bway & 7th Av Con 5s 1943	J&J	101	103
Bway & 7th Av 2d 5s 1914	J&N	98	101
Col & 9th Av 1st 5s 1993	M&S	99	102
Christopher & 10th St	QJ	85	100
Dry Dk E B & Bat 5s 1932	J&D	96½	100
Dry Dock E B & Bat Ctfs 5s 1914	F&A	30	40
Lex Av & Pav Fy 5s 1922	M&S	96	100
Second Av Ry stock	....	7	14½
Second Av Ry Cons 5s 1948	F&A	50	56
Sixth Av Ry stock	....	115	125
South Ferry Ry 1st 5s 1919	A&O	85	95
Union Ry 1st 5s 1942	F&A	100	102
Westchester El Ry 5s 1943	J&J	65	75
Yonkers Ry 1st 5s 1946	A&O	75	85
New Amst Gas Cons 5s 1927	J&J	101½	102½
Central Union Gas 5s 1927	M&S	102	103
Equitable Gas Light 5s 1948	J&J	103	106
N Y & E R Gas 1st 5s 1944	J&J	104	105¾
N Y & E R Gas Con 5s 1945	J&J	99	101
Northern Union Gas 5s 1927	M&N	..	...
Standard Gas Light 5s 1930	M&N	103	106
Westchester Light 5s 1950	J&D	100½	103
Brooklyn Ferry Gen 5s 1943	....	15	24
Hoboken Fy 1st mtg 5s 1946	M&N	103	107
NY & Bkn Fy 1st Mt 6s 1911	J&J	90	96
NY & Hobok Fy Gen 5s 1946	J&D	96	99
NY & East River Fy	QM	20	28
10th & 23d St Ferry	A&O	30	40
10th & 23d St Fy 1st 5s 1919	J&D	65	75
Union Ferry	QJ	27	30
Union Ferry 1st 5s 1920	M&N	96	100

COAL BONDS.

Quoted by Frederick H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944	82	85
Cahaba Coal Min. Co. 1st 6s, 1922	107	110
Clearfield Bitum Coal 1st 4s, 1940	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	83	85
Continental Coal 1st 5s, 1952	90	100
Fairmount Coal 1st 5s, 1931	94	97
Kanawha & Hocking Coal & Coke 1st Sinking Funds 5s, 1951	99	102
Monongahela River Con. Coal & Coll. Tr. 5s, 1947	95	97
New Mexico Railway & Coal 1st & Coll. Tr. 5s, 1947	95	100
New Mexico Railway & Coal Con. & Coll. Tr. 5s, 1951	96	99
O'Gara Coal Co. 1st 5s, Sept., 1955	78	82
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954	106	110
Pleasant Val. Coal Co., 1st 5s, 1928	86	90
Pocohontas Consol. Collieries 1st 5s, 1957	80	85
Somerset Coal Co. 1st 5s, 1932	108	110
Sunday Creek Co. Coll. Tr. 5s, 1944	64	67
Vandalia Coal 1st 5s, 1930	100	...
Victor Fuel 1st 5s, 1953	85	87
Webster Coal & Coke 1st 5s, 1942	78	82
West End Coll. 1st 5s, 1913	95	...

ACTIVE BONDS.

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	102	103
Amer. Steel Foundries 4s, 1923	70	71
Amer. Steel Foundries 6s, 1935	102½	104
Balt. & Ohio, Southwest. Div. 3½s	90⅝	91⅛
Bethlehem Steel 5s	88	89
Chi., Burlington & Quincy Gen. 4s	97⅝	98⅛
Chi., Burl. & Quincy Ill. Div. 4s	99½	100¼
Chi., Burl. & Quincy Ill. Div. 3½s	87½	88½
Cin., Hamilton & Dayton 4s	98⅜	98¾
Denver & Rio Grande Ref'ng 5s	91¾	92½
Louis. & Nashville unified 4s	98¼	99
Mason City & Ft. Dodge 4s	83½	84
Norfolk & West. Divisionals 4s	92⅝	93⅜
Savannah, Florida & Western 6s	124½	...
Va. Carolina Chem. 1st 5s	101	102¼
Western Maryland 4s	86¼	87
Wheeling & Lake Erie cons. 4s	83	85
Wis. Central, Superior & Duluth 4s	92½	93⅛
Western Pacific 5s	92⅝	94

POWER COMPANY BONDS.

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & El. Co. com.	31	35
Bonds, 6%, due 1932 (Int.)	94	100
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com. stk. div.)	72	78
Arizona Power Co., bonds 6% due 1933	85	93
Arizona Power Co. pref.	56	...
Arizona Power Co. com.	23	25½
Great Western Power Co. bonds, 5%, due 1946	87	89
Mobile Elec. Co. bds., 5%, due 1946	..	90
Mobile Electric Co., pref., 7%	83	90
Mobile Electric Co., com.	25	...
Amer. Power & Lt. Co., pref., 6%	80	82
Amer. Power & Lt. Co. com.	62	...

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., brokers and dealers in miscellaneous securities, 33 Wall Street, New York.

	Bid.	Asked.
Adams Express	234	241
American Brass	124	128
American Chicle Com.	230	235
American Chicle Pref.	102	105
American Coal Products	99½	102½
American District Tel. of N. J.	47	50
American Express	245	255
American Gas & Electric Com.	50	53
American Gas & Electric Pref.	40	43
American Light & Traction Com.	284	290
Amercan Light & Traction Pref.	103	105
Babcock & Wilcox	100	102
Borden's Condensed Milk Com.	120	122
Borden's Condensed Milk Pref.	106½	108½
Bush Terminal	90	100
Childs Restaurant Co. Com.	160	...
Childs Restaurant Co. Pref.	111	...
Del., Lack. & Western Coal	310	320
Du Pont Powder Com.	150	160
Du Pont Powder Pref.	82	84
E. W. Bliss Com.	122	125
E. W. Bliss Pref.	122	130
General Motors Com.	39	41
General Motors Pref.	70	73
Hudson & Manhattan Com.	18	21
International Nickel Com.	190	205
International Nickel Pref.	91	94
International Silver Pref.	115	118
Kings Co. E. L. & P.	129	131
Otis Elevator Com.	58	63
Otis Elevator Pref.	97	99
Pacific Gas & Electric Com.	69	71
Pacific Gas & Electric Pref.	88	91
Phelps, Dodge & Co.	214	221
Pope Manufacturing Com.	52	57
Pope Manufacturing Pref.	72	77
Producers Oil	138	145
Royal Baking Powder Com.	175	185
Royal Baking Powder Pref.	106	108
Safety Car Heating & Lighting	124	126
Sen Sen Chiclet	138	142
Singer Manufacturing	305	315
Standard Coupler Com.	40	44
Texas & Pacific Coal	99	...
Tri-City Railway & Light Com.	33	36
Tri-City Railway & Light Pref.	92	94½
U. S. Express	100	105
U. S. Motors Com.	37	39
U. S. Motors Pref.	68	71
Union Typewriter Com.	44	47
Underwood Typewriter Pref.	101	103
Underwood Typewriter Com.	62	64
Virginian Railway	22	28
Wells Fargo Express	160	164
Western Pacific	18	22
Western Power Com.	36	39
Western Power Pref.	65	68
Worthington Pump Pref.	105	108

FOREIGN GOVERNMENT AND MUNICIPAL BONDS.

Reported by Zimmermann & Forshay, 9 Wall Street, New York.

	Bid.	Asked.
German Govt. 3½s	94	95
German Govt. 3s	84½	85½
Prussian Consols. 4s	102	103
Bavarian Govt. 4s	101	102
Hessian Govt. 3½s	91½	92½
Saxony Govt. 3s	83	84
Hamburg Govt. 3s	82½	83½
City of Berlin 4s	100½	101½
City of Cologne 4s	100	101
City of Augsburg 4s	99¾	100¾
City of Munich 4s	100	101
City of Frankfurt 3½s	93½	94½
City of Vienna 4s	95	96
Mexican Govt. 5s	99½	100½
Russian Govt. 4s	92½	93½
French Rente 3s	97	98
British Consols. 2½s	79½	80½

TRUST COMPANIES

Conducted by Clay Herrick

TRUST COMPANY GROWTH IN TEN YEARS

DURING the decade 1900 to 1910 the relative growth of trust companies was much greater than that of any other class of banking institutions. In 1900, according to the report of the Comptroller of the Currency, the reporting "loan and trust companies" held 14.2 per cent. of the individual deposits of all banks in the United States; in 1910, the reporting "loan and trust companies" held 20.1 per cent. of the individual deposits of such banks.

It is one of the misfortunes of our system that complete comparative reports of all the State banks and trust companies are not available, as they are not required to report to the Comptroller. Year by year progress is being made, however, and it is gratifying to note an increasing coöperation with the Comptroller on the part of State banking departments. In 1900, the Comptroller received reports from 290 out of a probable 525 trust companies in existence, or a little over one-half; in 1910 he obtained reports from 1,091 trust companies,—probably about two-thirds of the total. The number of such companies now in operation is variously estimated at from 1,600 to 1,800. In 1909 the Monetary Commission ob-obtained reports from 1,079 loan and trust companies.

The volume of "Trust Companies of the United States" for 1910, published by The United States Mortgage & Trust Company of New York, shows statistics from 1,527 trust companies. The companies reporting to the Comptroller, however, include practically all of the larger companies in the country, and for comparative purposes his figures may therefore be taken as fairly indicating the relative growth. For instance, the 1,091 trust companies reporting to the Comptroller in 1910 show aggregate individual deposits of $3,-073,000,000, as compared with an aggregate of $3,308,000,000 for the 1,527 companies reporting to "Trust Companies of the United States."

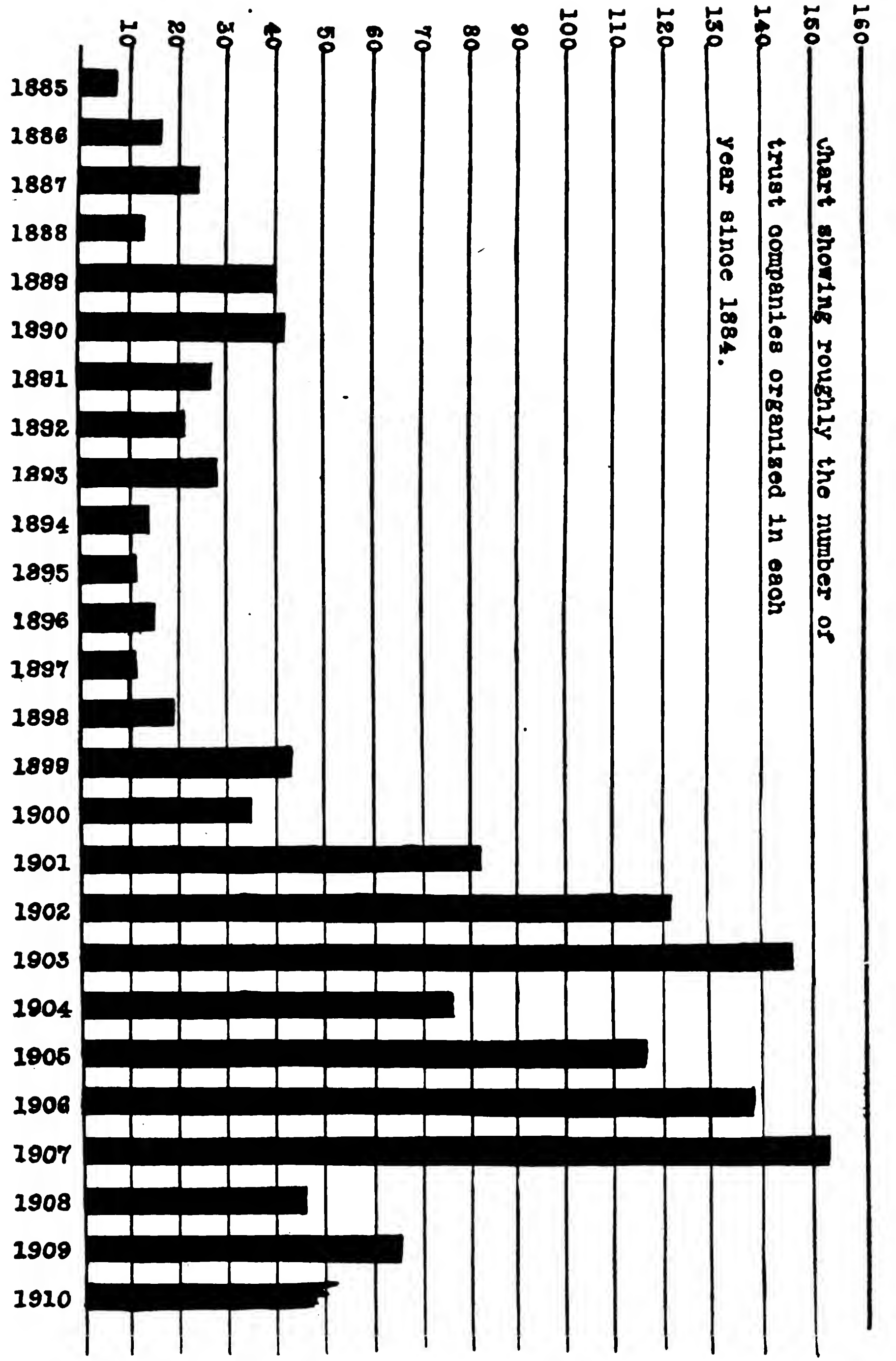
The following table shows the total individual deposits of the different classes of banking institutions (except private bankers) at the beginning and at the close of the decade, as shown in the reports of the Comptroller, together with the amounts and the precentages of increases for the ten years:—

	Trust Companies.	State Banks.	Savings Banks, both stock and mutual.	Nat. Banks.
1910	$3,073,000,000	$2,728,000,000	$4,070,000,000	$5,287,000,000
1900	1,028,000,000	1,267,000,000	2,450,000,000	2,602,000,000
Increase	$2,045,000,000	$1,461,000,000	$1,620,000,000	$2,685,000,000
Percentage of increase	199	115	66	103

It thus appears that according to the Comptroller's reports the rate of increase for the trust companies was very much larger than that for the other classes of banking institutions, while the amount of increase in dollars was second only to that of the national banks.

A very similar showing is made by

	Trust Companies.	State Banks.	Savings Banks.	National Banks.
Number in 1910	1,091	12,166	1,759	7,145
Number in 1900	290	4,369	1,002	3,732
Increase	801	7,797	757	3,413
Percentage of increase	276	178	75	91



the increases in the numbers of companies reported by the Comptroller, as shown in the accompanying table.

Here again the trust companies are far in the lead in the percentage of increase, though the State banks lead in the actual number of companies.

The accompanying chart shows the

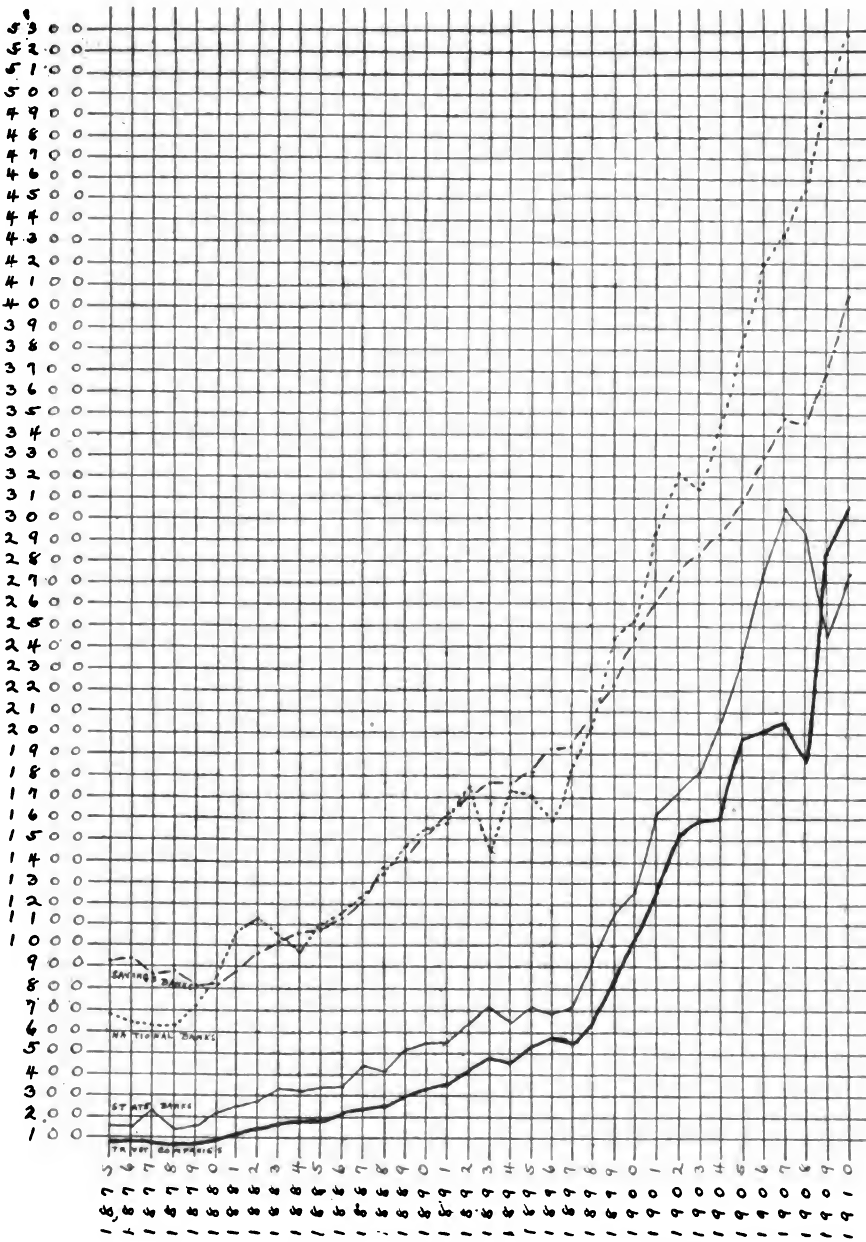


CHART SHOWING THE GROWTH OF INDIVIDUAL DEPOSITS

NATIONAL BANKS - - - - - - - - - -   STATE BANKS ————————

SAVINGS BANKS — - — - — - —   TRUST COMPANIES ━━━━━━━━

growth of individual deposits in the four classes of banks since 1875, the year when the Comptroller's reports first contained statistics of "loan and trust companies." This illustrates graphically how great has been the increase of individual deposits in the country in recent years. It is evident

that while trust companies are leading in the rate of increase, they are by no means monopolizing the growth. The large increase for trust companies and the large loss for State banks shown by the chart for the year 1909 are due to the fact that in that year the figures for a number of companies which had theretofore been erroneously reported as State banks were transferred to the totals for trust companies. This brought the total deposits for trust companies ahead of those for State banks, for the first time in their history.

The second chart is designed to show roughly the relative number of trust companies organized in each year since the trust company movement began in earnest, which was about 1886. It is based on the dates of organization of the 1,527 trust companies reporting to "Trust Companies of the United States" for 1910, and cannot be taken as absolutely accurate, as it refers only to companies now in existence. It does, however, show the relative activity in trust company organization for the years given. It will be noted that this activity reached a high point in 1903, and again in 1907. The complete figures for the year 1910 are not yet available, and that line is therefore incomplete.

LOOSE ACCOUNTING SYSTEMS

THE importance of a carefully considered system of accounting,—one which offers the minimum of opportunity for and temptation to fraud,—is emphasized by many defalcations which are easily traceable to the lack of such systems. The embezzlement of a large amount by the assistant secretary of the Fidelity Trust Co. of Louisville, Ky., has recently led that company to establish a new system of accounting specially designed to prevent a repetition of such an occurrence.

The subject is well worth careful study. Vigilance is demanded not only for the protection of the company's assets, but also for the protection of employees against excessive temptation.

Some of the obvious and fundamental principles are,

To avoid permitting the same man or set of men to handle cash and securities and also keep the records pertaining to same.

To let no employee or officer carry through any transaction from start to finish, including its record, alone.

To frequently change bookkeepers from one set of books to another.

To *require* annual vacations, during which *all* of a man's work is done by another.

To permit no one to have access to important securities and to the cash reserve except when accompanied by another.

The application of these principles is sometimes difficult in very small institutions where the number of employees is limited; but a careful study of the situation will often suggest means of applying them. It is poor economy to take chances at the expense of safety. It is sometimes overlooked that a proper system of accounting is of even more importance than careful auditing. Such a system will greatly reduce the labor and expense of auditing, and make it far more effective; while with a careless accounting system, the best possible audit will inevitably lack in effectiveness.

CUSTOMERS' STATEMENTS

THERE is a steady increase in the number of trust companies which are abandoning the custom of balancing customers' pass-books and substituting therefor the plan of rendering detailed statements of accounts at regular intervals. These statements are practically copies of the ledger accounts. Some companies send them monthly: others at less frequent intervals, as once a quarter. The pass-book under this plan becomes simply a memorandum book of deposits for the convenience of the customer.

The plan has many advantages. It ensures that every depositor shall have at least an occasional statement of his account and a chance to see that it is right;—an end which cannot be accomplished by the usual method if the depositor persistently neglects to leave his pass-book for balancing. The state-

ment is often accompanied by a blank to be signed by the depositor, stating that the account is or is not correct. It is usually stated that if the depositor fails to return the blank the presumption will be that he thereby acknowledges that the account is correct. He at least has had a convenient opportunity to examine the account; and if he later sets up a claim that an error has been made, the bank is evidently in position to ask why he did not so state at the proper time.

Within the bank the system is a safeguard against error if the statements are made up direct from deposit slips and checks by a bookkeeper other than the one who keeps the ledgers for the same accounts. Posting to the wrong account is made exceedingly improbable. In some institutions, the statements are so made up by a set of employees of the audit department, and thus constitute a continuous audit of customers' accounts—a very desirable feature. Another advantage is that as the statements are kept up daily there is no extra rush at the end of the month to balance pass-books.

The objection to the system from the bank's standpoint is its expense, due to the necessity of extra bookkeepers to do the work. There are, however, especially in small companies, instances where the statements may be made up without extra help with but little more extra labor than is involved in the present system,—and the extra labor is spread through the month, instead of coming all at once. Sometimes customers object to having the statements sent to them; but this is an obstacle which will disappear when the custom becomes fairly established in the community.

PROSPECTIVE LEGISLATION

DURING the year 1911, the legislatures of all but half a dozen of the States will be in session, and there is a prospect of considerable legislation relating to the business of trust companies. While much progress has been made in recent years, there are still some States in which legislation is needed to place trust companies, as well as other banking institutions, upon a sounder basis. In particular, several States still lack an adequate general banking department for the supervision and examination of banks and trust companies. In such States, trust company men should be awake to bring about the organization of such departments.

THE SMALL DEPOSITOR

EVERY little while discussion breaks out anew regarding the desirability of the small checking account,—and the trust company has, on the average, perhaps more of such accounts than other banking institutions. Investigation as to the cost of carrying such accounts has been made from time to time. A recent study of the question has led a State bank in the Central States to the conclusion that these accounts do not pay for their "keep"; and beginning January 1, 1911, it inaugurated the system of charging fifty cents a month for personal accounts whose balances fall below fifty dollars, unless the depositor also has a savings account with a balance of at least $200; and a similar charge for business accounts whose balances fall below $100, unless a savings account with a balance of $300 or over is also carried. The plan is an innovation in this particular city, although similar ones are in use elsewhere. There is no indication that the plan will be followed by other banks in the same city, the feeling being that it will result in the loss of larger accounts, particularly in the savings department.

While the question has been discussed often, it is apt to be of renewed interest at the present time for several reasons. The growth of the postal savings bank system will be watched with interest as to its effect upon the small depositor in particular, and as to its ability to bring new funds into circulation. Then, too, the past few years have witnessed a great expansion in the number of persons who wish to keep small checking accounts for the pay-

ment of personal bills, and the small depositor is therefore much more common than ever before. There is no evidence that there is to be a halt in the increase of such depositors. The manifold advantages of the personal checking account are being realized by the people, and the current advertising of many banks is directed to that end. Unless indeed the banks themselves interpose obstacles, we are evidently in an era of an increase rather than a decrease of small checking accounts.

Such investigations as that above referred to will easily prove that the small account, especially if active, costs as much as, or more than, its funds can possibly earn for the bank. If that were the only point to be considered, there could be no question as to the desirability of eliminating these accounts. As a matter of fact, however, a long-headed view of the matter must take into consideration several other matters. Has the customer other banking business; or is he apt to have it in the future? Has he relatives, friends or even casual acquaintances whom he may influence on behalf of the banking institution which has won his confidence and his good-will? The trust company may also consider with wisdom whether he may at some time have or influence others who may have business for the trust or safe deposit or other departments to handle. To answer these questions definitely in each case is manifestly impossible, and one is driven to the question of averages. On the average, is a small customer apt to have opportunities to influence or bring business as above indicated? Undoubtedly, yes.

The question then becomes analogous to that of advertising. Can one trace with definiteness the results of advertising? No. But can one be sure that intelligent advertising builds up business, and therefore pays? Multitudes of trust companies, banks, mercantile and manufacturing establishments answer yes. The courteous treatment of the small depositor is certainly good advertising—and not over expensive.

Another thing worth consideration is whether we have yet learned to handle the small account at the least expense consistent with safety and accuracy. It may well be that the increase of small depositors will lead to more economical methods of handling their accounts.

BANK SUED FOR $100,000

AN interesting page of history, showing how the affairs of the public administrators of New York were conducted during the Civil War and reconstruction days, was recently brought to light. Attorney Samson, of Samson & Childers, acting for Miss Laura Glover, formerly of Charleston, S. C., and now of New York City, entered suit against the National Bank of Commerce for the recovery of $100,000, which is the value with interest, of fifty shares of the capital stock of the bank and which were the property, Miss Glover claims, of her mother, Mrs. Harriet Glover.

Mrs. Harriet Glover's father was George L. Lee, a well-known New York and London banker prior to the Civil War period. He left his estate, valued at several hundred thousand dollars, in trust to his son, Nathan Appleton Lee, and his daughter, Mrs. Glover, who lived in Charleston.

Nathan Lee left the estate to his sister, Mrs. Glover, but the war being on Mrs. Glover could not get to New York. Robert B. Bradford, the public administrator, administered the estate, and, no relatives being found in New York, the city took charge of the estate. It is claimed that Bradford embezzled part of the estate. Harriet Glover's daughter Laura sued the city on one claim. She secured a judgment for $26,000, but a lawyer is alleged to have forged the power of attorney, settled for $10,000 and absconded. Laura Glover will also sue the city for the recovery of about $70,000.

FACTS OF THE GREAT TELEPHONE ROMANCE

THE first stage in the evolution of the telephone business ended on March 7, 1876, when the fundamental patents covering the telephone and the art of telephony were granted to Alexander Graham Bell.

The second stage began when those who had aided Professor Bell in his experiments began to consider the commercial possibilities of the new invention.

The money which had been used to defray the cost of the experiments had been furnished by Thomas Sanders, Gardiner G. Hubbard and Professor Bell, and these men, associated as partners, were the joint owners of the patent.

After the successful exhibition of the telephone at the Centennial Exposition in 1876, Professor Bell gave a series of lectures in different places, seeking to interest the public in the art of telephony and capitalists in the commercial development of his invention. This continued until the summer of 1877, when an association was formed to take over the patents and develop them. This association was composed of the original partners, with the addition of Thomas A. Watson, who had been Professor Bell's assistant in his experiments.

This Bell Telephone Association had for its president, Mr. Hubbard, with Mr. Sanders as treasurer, and continued until 1878, when two companies were formed.

In the spring of that year the New England Telephone Company (not the present one) was formed with a capital of $200,000. This company had for its purpose the development of the Bell patents in New England and it paid to the association for the use of those patents $100,000 of its stock and sold the remainder for $50,000 in cash, a portion of which was paid for the property in New England belonging to the association. The officers were: Gardiner G. Hubbard, president; Thomas Sanders, treasurer; C. E. Hubbard, clerk; George L. Bradley, general agent, and T. B. Bailey, chief clerk; but soon after its organization, Mr. Sanders was made president in place of Mr. Hubbard, and Mr. Bradley the treasurer.

Organization of the Bell Telephone Company.

In July, 1878, the Bell Telephone Company was organized for the purpose of controlling the telephone patents in the United States outside of New England. It had a capital stock of $450,000, of which $300,000 was paid to the association for the inventions and $150,000 was paid for the telephone property in the territory. Mr. Hubbard was the first president of this company, but was soon succeeded by William H. Forbes. Mr. Sanders became the first treasurer, but was later succeeded by Mr. Bradley. Theodore N. Vail was general manager and R. W. Devonshire, accountant and auditor. Headquarters were established in New York City and from there the brunt of the work was carried on during the winter of 1878-1879.

In February, 1879, the New England and the Bell companies were consolidated under the name of the National Bell Telephone Company, having a capital stock of $850,000. The National Bell Company exchanged $650,000 of its stock, share for share, for the stock of the two earlier companies, (The New England and the Bell Telephone Companies) and $200,000 was left in the treasury for the future use of the company. This treasury stock was sold from time to time and the records of the price received show the increasing interest in the telephone Starting at $50 a share it rose to $100 in May, $112.25 in June, in July some was sold at $135 and in September the price was $227.50.

Absorption of the Telegraph Interests.

While the telephone company was slowly developing its business the Western Union Telegraph Company, which had originally put little faith in the telephone invention, waked up to its growing importance and established at a number of points, telephone exchanges in competition with those of the Bell Company. Negotiations between the two companies led to the agreement of November 10, 1879, by which the telegraph company withdrew from the telephone field. and as soon as this agreement was reached the shares of the telephone company rose rapidly in price.

In December, 1879, the company sold the last 500 of the 2,000 shares of treasury stock at $600 a share. The whole 2,000 shares of treasury stock brought into the treasury $430,000. A little later the price of the shares of the National Bell Company touched $1,000 a share. The growing interest in the telephone and the telephone business not only enhanced the price of the shares but largely increased the demands for new capital.

To give the original adventurers and inventors some share in the increased value, and to raise the necessary capital for further extension, the American Bell Telephone Company was formed in 1880 under a special charter granted by the Massachusetts General Court. This new company bought all the rights and property of the National Bell Telephone Company, paying for them $5,100,000 in shares, or at the rate of six shares of the stock of the new company for one of the old company, or at the same rate as was paid in cash by the purchaser of the last lot of treasury stock.

The American Bell Company proceeded with the development of the telephone business of the country on the broad lines origi-

nally paid out. The original owners and promoters of the telephone were first of all business promoters. Whatever reward they expected or received was the legitimate reward following a legitimate development of a substantial and beneficial business.

The Bell system was founded on the broad lines of "One System," "One Policy," "Universal Service, on the idea that no aggregation of isolated independent systems, not under common control, however well built or equipped, could give the public the service that the interdependent, intercommunicating, universal system could give.

This is no recent or new idea or theory. It is co-existent with the business; in fact the theory was evolved and developed before the business, and the business has been developed on that theory. To expand the business it was first necessary to develop the "art." It was unique, nothing like it existed; the whole art of the practical application of electricity was new and undeveloped.

In the promotion and exploitation of the business two methods were possible. One company covering the whole country. This would require a large executive and administrative staff in the field, and a large capital which, at the time, it was impossible to secure. Under this method, state organizations would also have been necessary to hold franchises. The other was to enlist a large number of individual workers, each with some capital, large faith and expectation, with great capacity for work, who would cover the field and develop the business.

Regarding Licenses.

To insure a common policy and central control, all licenses were issued for small units of territory under restricted terms, confining the business entirely within each territory. The parent company owned and furnished the telephones, had all reversionary interests or rights in the territory, and the right to connect the units with each other for the purpose of forming a universal intercommunicating telephone system. For this purpose the long-distance lines and

THEODORE NEWTON VAIL

PRESIDENT OF THE AMERICAN TELEPHONE AND TELEGRAPH COMPANY

Mr. Vail, now at the head of the entire Bell Telephone system in this country, received his early education in Morristown, N. J. After leaving school he migrated westward and became agent and telegraph operator at a small station on the Union Pacific R. R., then building.

Through the friendly offices of General Grenville M. Dodge, chief engineer of the Union Pacific, he received appointment as clerk in the Railway Mail Service, which was then in a very crude state of organization. When railway clerks met, they would test the question of methods of distribution and Mr. Vail, for his own convenience made a special study of the question of distribution and dispatch of the mails, made a map and charters of distribution for his own use and use of others associated with him.

He worked on this plan for some time. Subsequently the authorities at Washington called him to that city to act as assistant superintendent of the Railway Mail Service.

In 1876 Mr. Vail was appointed general superintendent, although the youngest of the officers of the Railway Mail Service. Two years later he became general manager of the American Bell Telephone Company; in nine years he had put the telephone business on a sound and substantial basis.

During his management of the American Bell Telephone Company Mr. Vail had added to his burden that of a fierce litigation established by the Western Union Telegraph Company, which denied that Bell was an inventor of the telephone.

He was president of the Bell Telephone Company of New York, from 1885 to 1890, having organized this company. In 1879 he resigned his position as general manager of the parent company and retired from the telephone business.

Mr. Vail possesses the ideal combination qualities for the important position which he holds at the head of the telephone system of the company. No man knows more about the telephone as an institution. Few have demonstrated to equal degree the organizing ability requisite for the conduct of so great a business enterprise, while as a financier he ranks with the foremost in the country; energetic, accurate in judgment, cultivated in manner and quick of decision.

other toll lines were built. Under these temporary licenses certain rentals, so-called, or royalties, were paid to the parent company for the use of the telephones and other inventions owned, and also as compensation for the many other services rendered. When these licenses were made permanent and included all future as well as all existing inventions, and the right to the business within the units of territory, the parent company retained an interest in the business which was represented by a stock interest in each company.

These licenses called for a continued certain percentage of the stock of the company, but this right was soon waived by the parent company.

The American Telephone and Telegraph Company.

By 1899, it was found that the demands of the business required a much larger capital than could be provided under the corporate powers of the American Bell Telephone Company. The American Telephone and Telegraph Company, a company organized to operate long distance traffic, purchased the American Bell Company on the basis of two shares of the latter company for one share of American Bell stock.

From its organization up to 1899, the American Bell Company had issued about 200,000 new shares of stock, which were sold at various prices; those issued before 1894 being sold to the stockholders at par, and those issued between 1894 and 1899, being sold to the stockholders at various prices, some as high as $225 a share, so that in 1899 the par value of the outstanding capital stock was about $2,000,000 less than the actual cash which had been paid into the treasury of the company.

If we sum up the financial results, we find that the original association received from the operating companies $400,000 in stock to pay for all expenditures and for the inventions, which represented the work of several years and the expenditure of about $50,000 in cash. If this stock had been sold at the highest price at which any considerable sales were made in the winter of 1879-1880, it would have realized less than $4,000,000 in cash. If it was kept, it would have received in American Bell Telephone stock in 1880, $2,400,000, which if sold at the best prices, might have realized from $5,500,000 to $6,000,000. It kept until the sale of the American Bell to the American Telephone and Telegraph Company, the holder would have realized $4,800,000 in stock.

There was never any considerable amount, if any, of the stocks of these operating companies sold at less than $50 per share. The total amount of stock sold at less than $100 a share, not including any of the $400,000 stock which went to the original association, was in all 3,175 shares, $317,500 par. These shares received the same benefits, of course, that the other stock received and might have yielded $4,000,000 if it had all been sold at the best prices.

If the holders of the $400,000 stock paid for the inventions and development to 1878, and the $317,000 sold by the treasury at par or less, had been sold at the top of the market—for any considerable sales, the $717,500 stock would have realized less than $12,000,000.

These are the facts of the great telephone romance. They have been multiplied, distorted and made the basis of misleading statements by promoters, reputable and otherwise, who were after the credulous investor. One of Prof. Bell's original associates called the attention of the maker to one of these misleading prospectuses—a reputable brokerage firm—and the only satisfaction he got was the statement: "We are brokers, not historians." Another fact should be emphasized—that is, that the original capital of the Bell association was $500,000, and the par value $100 and the percentage of increase was on that sum—not ten or twenty times as much capital or on a par of $5 or $10 a share.

MAKES THE ODD CENTS

THE clerk at the ninety-eight-cent counter jingled the cents in a bag which hung from her belt. "I am glad when a man comes along," she said. "no matter how much of a rush a woman's in she'll wait for the change, but the men don't. 'My time's worth more than a postage stamp,' said one to me last evening, and I think he's about right. Lots of women who wouldn't stoop to pick up a two-cent stamp will wait ten minutes for two cents' change and sometimes call the floor-walker and make an awful fuss, just over two cents! I make quite a bit these days from the people who are too busy to wait. But I keep my eye on the customers and when a man comes up I wait on him, for I'm pretty sure of the two cents' change. It makes the rush hours easier to stand to be able to jingle a little bagful of cents which you wouldn't have had if it hadn't been for the busy season."—*New York Sun.*

THE BANK'S APPEAL TO WOMEN

YOUR truly progressive banker of the present day is not overlooking anything that will tend to strengthen and build up his institution. He is constantly seeking new ideas, investigating their worth, and adapting them to the ultimate good of his business. It is true that his endeavors have led him far from the conservative paths marked out by the bankers of an earlier time, but in the light of changing business conditions he is quite as conservative as they were cautious in their day.

MAIN BANKING ROOM IN THE FIFTH AVENUE BANK OF NEW YORK—THE WOMEN'S TELLERS ARE TO THE LEFT, THE MEN'S TO THE RIGHT

INNOVATIONS.

His most striking departure from the traditions of banking has been in the free use of educational advertising, along lines productive of tangible results.

But perhaps the innovation most worthy of comment and the one which the accompanying illustrations are intended to bring out forcibly, is the changed attitude of banks towards women and women's accounts. Forty years ago when Joseph S. Case, at that time a teller in the Second National Bank of New York, persuaded the directors of that institution to fit up a room for the accommodation of women and give them a separate window for the transaction of their business, there were so few women carrying separate accounts that the officers of the bank refused to enthuse over the plan.

The Second National was especially favorably located for a woman's bank, being then, where it was for so many years, in the old Fifth Avenue Hotel Building, at the corner of Twenty-third street, the fashionable shopping thoroughfare, and Fifth avenue, the residential street of the wealthy.

There were only five depositors when the bank opened this department, but Mr. Case lived to see the list grow to more than three thousand, with an aggregate of over three million dollars in deposits. At first only a small room was provided, with few of the luxurious fittings of the present time, but the women were grateful for a place that was exclusively their own, for the services of a maid and for a teller who would explain to them the intricacies of bank processes, save them from blunders or rescue them after they had blundered, with tact and amiability.

The substantial growth in the deposits made by women and the talk of the matter, attracted the attention of other banks, not only in New York but in other cities, which sent representatves to look into the matter,

LUXURIOUSLY APPOINTED LADIES' ROOM IN THE FIFTH AVENUE BANK OF NEW YORK

and the Second National's plan, widely copied everywhere, met with success.

Adopted by The Fifth Avenue Bank of New York.

It was only a few years after the Second Naitonal Bank established its women's department that the Fifth Avenue Bank of New York did the same thing. Quite recently this institution went one step further and opened a greatly enlarged, beautifully appointed rest-room for the special convenience and use of its feminine depositors.

It was designed by Henry Rutger Marshall and is decorated after the manner of what is technically known as Georgian Renaissance. The walls, which are divided by pilasters, are covered with a light golden silk brocade; pilasters, cornice and ceiling are painted in a very light cream color, the whole harmonizing with a rich East Indian rug that covers the greater part of the teakwood floor.

On first entering the room the eye is attracted by a large open fire-place, over the mantel of which hangs a beautiful picture painted especially for the room by Elmer E. Garnsey who has a national reputation as an artist and decorator. Mr. Garnsey is responsible for the entire color scheme, which he has worked out to the satisfaction of the bank and the delight of their lady patrons. The room, which has a maid in constant attendance during banking hours, is distinctly furnished as a lady's parlor, with the delicate furniture and such conveniences as would be used by a lady in her own boudoir. Adjoining the large room are very ample and convenient dressing rooms and toilets.

While The Fifth Avenue Bank has given particular attention to the needs of its thousands of women depositors, providing separate tellers and bookkeepers for them, it has always given careful attention to the personal and mercantile accounts of men, of which it has about an equal number, providing separate tellers and bookkeepers for their use, together with a gentlemen's room, where various daily and financial papers are on file.

Record of Growth.

Few banks have made the rapid rise to prominence that The Fifth Avenue Bank of New York has enjoyed. It was organized primarily to serve a large number of residents in the neighborhood of Fifth avenue and Forty-fourth street, but grew so rapidly that the original building was soon outgrown and the bank moved directly across to its present location on the west side of Fifth avenue. By the purchase of adjoining property it has materially enlarged its quarters and now occupies more than 16,000 square feet of floor space.

FOREIGN BANKING AND FINANCE

EUROPEAN

CENTENARY OF THE COMMERCIAL BANK OF SCOTLAND, LTD.

AN exceedingly interesting and attractive volume has been issued by the Commercial Bank of Scotland, in commemoration of the bank's centennial, which occurred last year.

In addition to the head office in Edinburgh, the bank has 167 branches. Its balance-sheet toward the close of last year showed a total of £18,346,151. Since 1812 a dividend has been paid at the rate of not less than six per cent. per anum, and for many years the rate has been above ten per cent. From 1900-1910 the dividend rate has been maintained at twenty per cent.

The Commercial Bank of Scotland, Ltd., has as its chief officers staff, the Marquis of Tweeddale, who is Governor, and the Marquis of Breadalbane, Deputy-Governor Alexander Bogie is General Manager and James L. Anderson, Secretary.

The subscribed capital is £$5,000,000, of which £1,000,000 is paid up, and there is £900,000 in the reserve fund.

DEPRECIATION OF INVESTMENTS HELD BY BANKS

ESTIMATES published in the *Bankers Magazine* of London lately show that within the last nine years the banks of the United Kingdom have written off nearly ten millions sterling on account of depreciation in the value of the securities held by the banks. Commenting on the position of the banks, the publication mentioned says: "In some respects the depreciation in Stock Exchange securities is working off, but this cannot be said in regard to 'gilt-edged' issues. Comparing prices with a year ago, it will be found that consols are quite three points lower, India threes nearly three points down and colonial stocks are about one and one-half to two down. Other securities which base their price very much upon the actual value of money in the market have also depreciated."

STICKING TO THEIR OLD MONEY

AN interesting account of the disposition of the Austrians and Hungarians to stick to the old monetary unit of the gulden, in spite of its abolition by the monetary reform of 1892, is given by the Vienna correspondent of the *London Economist,* in its issue of December 31 last. He says that the new Austrian currency, though it is ten years old, still meets with untiring opposition from the general public in cities and from the entire population in the provinces. Although bookkeeping in crowns and hellers is compulsory, and no shop is allowed to put up the price of goods otherwise than in the new coin, guldens and kreuzers are still the designation most used in speech, and, of course, the result is gen-

eral confusion everywhere. The Chambers of Commerce and Trade Councils are discussing the question in their general meetings, and they intend pleading for coins which will make it impossible to use the old designations and calculate in the old way. At present the unit of the new currency, the one-heller piece, does not circulate except in very small numbers, and the two-heller piece is the kreuzer of old. The gulden is still in circulation, and is supposed to be a two-crown piece, a fiction which nobody accepts. The new five-crown piece is most unpopular, because it is big and heavy, and because it leads to mistakes when people will still count by guldens. Now the government is requested to withdraw the two-heller pieces and to coin five and twenty-five heller pieces, so that it will be quite impossible to resort to the old way of counting, since simple folk will not be able to calculate fractions continually. The Austrian Government cannot decide in favor of any innovation in the currency, be it ever so reasonable, without coming to a full agreement with the Hungarian Government beforehand. Hungary has different designs and inscriptions on its coins, but they are of the same size and value as the Austrian ones.

ACHIEVEMENTS OF SIR ERNEST CASSEL

An outline of considerable interest, in spite of some confusion in the names of American banking firms, is made by the *London Economist* of December 31 last, of the scope of Sir Ernest Cassel's work in the financial world. The paragraph is as follows:

"The announcement made this week that the business of Sir Ernest Cassel, at 21 Old Broad street, is to be discontinued, is of much interest, but its importance is less, perhaps, than might appear at first sight. The business of Sir Ernest Cassel has been purely personal; nor has it admitted of any regular classification. He is not a director of any company; he has never, we believe, placed his name on a prospectus; his business has been neither exactly that of a bank nor of a general financial house. The office in Broad street has been only the centre of his great abilities in the province of financial organization, and no doubt these will still continue in the sphere in which they have accomplished so much. That sphere is, of course, Egypt in particular. Born in Cologne, after working at Brussels, Liverpool and Cairo, Sir Ernest Cassel first became prominent in London in connection with the firm of Bischoffsheim, through which he came into contact with the late Baron Hirsch and with the American firms of J. H. Schiff and Kuhn, Loeb & Co. But it is in Egypt that his remarkable financial abilities have found their opportunity. The scheme for financing the Nile barrage, the

foundation of the National Bank and the Agricultural Bank of Egypt, are all connected with his name, together with much other financial work related to agricultural and industrial development."

THE INCOME TAX AND BANK DIVIDENDS

THE burden of the income tax in Great Britain has become so heavy that several Scotch banks have modified their policy in the distribution of dividends. At the present rate of one shilling two pence in the pound, the tax amounts to nearly six per cent. and makes a considerable difference in the net amounts distributed. In the report of the Commercial Bank, which has paid its dividends for the past twenty-nine years free of income-tax, the following announcement has recently been made:

"The dividends of the bank have hitherto been paid free of income-tax. The rate of tax has, however, of recent years been so much increased as to constitute it a greater charge than was ever contemplated. In future it is proposed to declare dividends subject to deduction of income-tax, as has been done recently by many important banking and other institutions."

The National Bank of Scotland has adopted a similar course, and it is declared by the *London Bankers' Magazine* for January that there is little doubt that all the Scotch banks will follow in the wake of these two banks. There will be a saving to the banks, but, over and above this, the heavy burden will be brought home to the numerous body of small holders of stock. These may, and no doubt will, seek relief from the Exchequer; but that is a troublesome matter to many of them. When banks pay income-tax for their shareholders, they do not know who are exempt from tax, and they make no attempt to reclaim it. The individual holder will be differently circumstanced. Then the banks do not know what further additions may be made to the tax; and their casting the burden of it on the dividend receivers must be regarded as somewhat of a protest against the imposition itself.

FORMATION OF THE ANGLO-RUSSIAN BANK, LTD.

THE Anglo-Russian Bank, Limited, has been formed by a combination of English and Russian capitalists with the primary object of acquiring an important interest in the Russian Commercial & Industrial Bank of St. Petersburg, which has ninety-nine branches, sub-offices and agencies throughout Russia. In pursuance of a resolution passed at a special meeting of its shareholders, and with the sanction of the

Russian Minister of Finance, a branch office of the Russian Commercial & Industrial Bank has been opened at 75 and 76 Lombard street, London, E. C.

While the capital of the Anglo-Russian Bank will be £1,500,000, 40,000 shares of £5 each will be held in reserve for future issue as and when required.

LONDON BANK CLEARINGS

Commenting on the London bank clearings for 1910, "The Statist" says: "Formerly the return of the total paid clearing for the year was regarded as a most reliable index of the state of trade, but year by year the transactions of the financial community as distinguished from the commercial grow larger, making it less easy to draw conclusions as to the part played by improved trade in bringing about an increase in the total. This year, of course, the London money market has been subjected to exceptional influences. The postponement of the 1909-10 budget necessitated heavy government borrowings on Treasury bills, while the flood of new capital and the rubber boom all helped to increase the number of checks passing. In recent years, too, as shown by the figures in our half-yearly Banking Supplement, there has been a growing tendency on the part of London bankers to keep a larger portion of their liquid assets in the shape of "money at call" instead of "at notice," which results in funds changing hands more frequently. In 1910 the grand total of the clearings was £14,658,863,000, an increase of £1,133,417,000, or 7.7 per cent., on the total for 1909. Every section shows an increase, the town clearing by £953,559,000, the metropolitan by £83,739,000, and the country by £96,119,000. On the fourths of the month the total increased by £86,-692,000, on Consols settling days by $55,-583,000, and on Stock Exchange account

AUSTRALIA

INCREASE IN BANK DEPOSITS

According to "The Australasian Insurance and Banking Record," the total increase in deposits in Australia and New Zealand during the past year is £14,951,982, a sum comparing with an increase of £5,913,015 for 1908-9, and a decrease of £923,507 for 1907-8. Total ad-

vances on the other hand show an increase of £5,512,678 for 1909-10, against a decrease of £6,708,918 for 1908-9, and an increase of £7,883,880 for 1907-8.

THE NEW AUSTRALIAN NOTES

ALTHOUGH the new Australian note act does not go into operation until March 1, the Commonwealth has already purchased from the banks the unsigned notes held by them in stock. The inscription to be printed across their face is given by the *London Bankers' Magazine* for January, in the following form:

(Australian Coat of Arms.)

TREASURY NOTE.

Payable in gold coin at the Commonwealth Treasury at the Seat of Government.

(Sgd.) G. T. Allen,
Secretary to the Treasury.

(Sgd.) J. R. Collins,
Account to the Treasury.

The banks are to give gold in exchange for the notes they require, and at first the Commonwealth will bear the cost of sending the gold to the Treasury at Melbourne. When the new capital at Carberry is ready, the gold would have to go there, but it is probable that some amendment of the act will be made later on to avoid this and also to give greater facilities for exchange. The denominations of the notes will at first be the same as before, namely, £1, £5, £10, £20 and £100. On March 1 the tax of ten per cent. on bank-notes is to come into effect. That is to say, all banks that have not handed their notes over to the Government will have to pay that tax, but some negotiations will probably take place should it be found that the banks cannot at once bring in their circulation from the country.

LATIN AMERICA

NEED OF BANKING FACILITIES IN HONDURAS

By Samuel MacClintock, Ph.D., Recently American Consul, Tegucigalpa, Honduras

THERE would seem to be an excellent opportunity to establish a branch of a good American banking house in Honduras. The country has a population of 600,000 or 700,000 inhabitants, and is greatly in need of capital and population to develop its latent wealth. It is rich in deposits of gold, silver and copper; in forests of mahogany, cedar, pine and other valuable woods; in bananas, sugar cane, tobacco, corn, rice and other vegetable products; and in its capacity, as a cattle country, to supply meat and hides cheaply.

There is no way of gauging accurately the amount of domestic trade carried on, but during 1908 Honduras imported from

the United States goods to the value of $1,946,838, and exported to the United States $1,540,780, or a total of $3,487,118. The industries of the country are today handicapped by poor monetary and banking facilities. The present monetary system is chaotic and entirely out of relation to the requirements of business. The country is on a silver basis and business transactions are, therefore, subject to the uncertainties and disturbances due to fluctuations in the price of silver. The government of Honduras does not issue paper money, however, and in this respect the country is better off than some of its sister Republics, but no national money of any kind is now being coined and what was formerly coined has practically all been driven out of the market by the cheaper silver of other Central and South American Republics.

Only One Bank.

The only bank in the Republic at the present time is the Bank of Honduras, established in 1869, with an authorized capital of $1,000,000, silver, or about $400,000 gold and with a paid-up capital of $417,500 silver, or about $167,000 gold. It is located at Tegucigalpa, the capital, and has a branch at San Pedro Sula, in the rich banana territory on the north coast. The bank does but little more than a loan business, charging for the service from one to two per cent. per month. It buys very little commercial paper, and sells almost no exchange, having but poor connections with banks in other countries. That it has done a profitable business, however, may be gathered from the fact that for many years it has declared dividends averaging twelve per cent. per year, besides laying aside a large sum for surplus account. It has bills in circulation about equal to its paid-up capital. This is really a small amount of paper in proportion to the silver that must be in circulation, or to the legitimate demands of business, and shows the reluctance which the people have to receiving paper which is not conveniently and indisputably convertible, and also shows the burden which is placed upon the country in having so large a proportion of its total circulation in the form of coin.

Insufficiency of Exchange.

Not being able to get their paper discounted or their remittances made with ease through the bank, the merchants are driven to various makeshifts. At Tegucigalpa, they may buy as much as $30,000 exchange a month from the Rosario Mining Company, which makes heavy shipments of ore to New York, but this is less than half the amount that Tegucigalpa and the vicinity require. On the north coast the amount of exchange depends chiefly on the quantity of bananas being exported. Last year these shipments amounted to about $1,000,000. At the present writing there is only one company in Puerto Cortés (the principal port of Honduras) that will sell exchange at all and the best it will do is a thirty-day draft at thirty-seven, or a premium of 271.

In order to help out this insufficiency of exchange offered, the merchants at times buy and export such native products as rubber and hides even when the price is such as to leave no profit and entail some risk; they also ship silver; they make remittances, when possible, of United States bills through the mails; and they are sometimes compelled to ask their creditors in the United States and Europe to wait until they can secure means of remitting—often to the injury of their credit. Remittances within the country itself must be made in considerable amounts and are attended with like difficulties. Thus if a merchant in Tegucigalpa wishes to make

a payment in Puerto Cortés, he will have to pay the bank an average commission of three per cent. for the service, secure exchange through some commercial house having connections in Puerto Cortés, or actually send the money overland. Though remarkably few losses have occurred through these overland shipments, it is readily perceived what an inadequate system exists at present for transacting business.

A New Bank Would Have Government Support.

The government of Honduras is aware of the desirability of providing better facilities for transacting business and is willing to do everything in its power to encourage the establishment of a sound banking institution. In 1908, it granted a very liberal concession to a party seeking banking privileges in the country. Owing to some disagreement as to whether the guarantee deposit was of lawful money or not, an attempt was made to revoke the concession, and the matter is now pending.

The business community, once assured of the solvency of a bank equipped to do real business, and the soundness of its management, would give it hearty support. Even the fruit companies that now dominate the commerce of the north coast would, in time, probably be willing to surrender their exchange business if assured of getting their business done for a reasonable charge.

It is probable that $5,000,000 of American money is invested in Honduras to-day. The country is only three days from New Orleans and fully seventy-five per cent of its foreign trade is with the United States. Nearly all the work being done in developing the country is being carried on by Americans. Only a good American bank is needed to enable us to bind this market to us completely. As an outpost giving advanced information of a trustworthy nature as to credits and conditions, such a bank, in addition to supplying badly needed capital, encouraging thrift and savings, and stimulating legitimate industry, would form a connecting link of great importance between the home country and the foreign market.

It has been rumored that Morgan & Company would probably establish a branch bank in Honduras in connection with their plans for refunding the foreign debt of the country. Indeed, a bank would seem to be a necessary part of the proposed plans. Whether Morgan & Company establish their own bank, or rely upon one established by other parties, the bank should be one of emission, capable of taking care of all the legitimate commercial demands of the country, and able to establish connections with banking institutions in the other Central American states, as well as in the United States and Europe.

THE BANK OF PICHINCHA, QUITO, ECUADOR

THIS institution was established in Quito, Ecuador, in April, 1906, with a capital of 600,000 sucres (one sucre, $0.48665), and has since not only met with very encouraging success, but it has been raising its capital continuously. The last balance sheet, which is given below, shows a capital of 1,000,000 sucres and deposits of 468,200 sucres. It is a bank of issue, and according to the Ecuadorean bank law must hold a gold reserve of fifty per cent. of notes in circulation. On December 31, 1910, the bank had a gold reserve of 937,229 sucres, against notes circulating for 1,561,569 sucres, being 156,444 sucres in excess of the legal requirement. Its notes are circulated all through the country, but specially in the interior provinces, which the bank is developing.

The Bank of Pichincha handles a large volume of foreign business and pays special attention to the collection of drafts. On December 31, 1910, it had for the purpose 501,569 sucres in drafts.

Up to the time of its establishment, Quito

had no banking facilities other than a branch office of the Banco Comercial y Agricola of Guayaquil, capitalized for 5,000,000 sucres, and the largest banking institution of the country. But it has devoted only a small fraction of 100,000 sucres to the business of the northern provinces—hardly a beginning. The establishment of the Bank of Pichincha has not only immensely improved the local conditions in the capital of the Republic, but it is contributing to the material development of the seven provinces of the northern interior.

It is known that some American interests contributed to the last increase of its capital by subscribing to some 150,000 sucres of new shares. The capital stock is divided into 10,000 shares of 100 sucres each, all with equal rights, and they are either to the bearer or nominal at the option of the holder. Net earnings for the second half of the year 1910 were 154,224.71 sucres, or about twelve and one-half per cent. on the paid-up capital; the first half yielded a similar amount, making about twenty-five per cent. for the year.

The bank intends to increase its capital still more and already some 2,000 sucres have been paid in for new sharers.

ASSETS.

Cash on hand:		Sucres.
Gold coin (legal reserve)		780,784.50
Gold coin (surplus)		156,444.50
Total gold		937,229.00
Silver coin		30,921.84
Guayaquil bank notes		14,249.00
Foreign bank notes		767.00
Total cash		983,166.84
Cash with foreign bankers		100,239.13
Cash with Guayaquil bankers		144,393.97
Total funds on hand		1,227,799.94
Documents discounted (loans)		1,387,633.62
Government of Ecuador		280,918.89
Loans in account current		50,774.09
Premises, cost of notes, etc.		63,316.95
Office fixtures		5,949.11
Sundries		22,518.76
Judicial expenses		1,287.59
Stockholders (unpaid capital)		142,355.00
Drafts on collection		501,569.79
		2,684,123.74

LIABILITIES.

Capital		1,000,000.00
Surplus		38,549.94
Unclaimed dividends		7,491.95
Profit & loss (2nd half)	104,224.71	
Passed to dividend acct	4,287.00	99,937.71
		1,145,979.60
Deposits:		
Subject to check		340,203.50
Sight deposits		67,700.50
Time deposits		58,295.30
For new shares		2,000.00
		468,199.30
Interest on loans not due		6,806.05
Notes in circulation		1,561,569.00
Foreign correspondents (for drafts on collection)		501,569.79
		2,684,123.74

CHARRED BANK NOTES

NOT long ago United States Treasurer McClung received a letter from the Royal Bank of Canada telling about a fire that had taken place in one of its branch offices in Cuba. The fire had destroyed, or almost destroyed, so the letter related, a large sum of money in American bank-notes which were in the safe.

The charred notes were in such condition that if they were sent back to the United States they would probably fall to pieces. The bank wanted to know whether it would be possible for the treasurer to send one of its experts down to Cuba, there to examine and identify the money, and supervise its shipment back to Washington. The regular rule of the Treasury department is to require all money to be sent to Washington for redemption. But in view of the circumstances in this case Treasurer McClung agreed to accede to their wishes.

Miss Elizabeth Smith, a treasury expert, and sister were accordingly sent to Cuba. When they arrived at Mayari, a small village on the coast of Cuba, opposite Santiago, where the burned bank building was located, Miss Elizabeth Smith found that the officers of the bank had not touched the scorched money, because of their fear that the charred remnant would fall to pieces.

The safe was still lying in the ruins. The officers of the bank had only opened it once, and after seeing the condition of the money had closed it hurriedly to await Miss Smith's arrival. She found that gold and silver coins weighed down what was left of the bills. With great care the money box was taken out and carried to Antilla, a few miles away, where the bank had been located in another building. Here Miss Smith found a secluded corner with a good light from overhead where she could begin her arduous task of identifying the burned money. At her special request she had not been informed of the amount of money that was involved.

For three weeks Miss Smith and her sister lived in the little Cuban town, the one working away as long as there was light to see by, while the other made excursions into the neighborhood and enjoyed her experience of Cuban life. At the end of that time the work was accomplished. Miss Smith found that she had been able to identify $50,300 worth of notes. This was the exact amount which the bank had on hand in American notes, according to its books. Miss Smith carefully marked and wrapped the packages of notes and brought them back to Washington a few days ago for a second examination. She is now engaged in going over them again, and as a result of her painstaking efforts the Royal Bank of Canada will get back every American dollar that was in its vaults at the time of the fire.—*N. Y. Evening Mail.*

BANKING PUBLICITY

Conducted by T. D. MacGregor

SERIAL BANK ADVERTISING

AN ORIGINAL SYSTEM ADOPTED BY A PITTSBURGH BANK—HOW IT WAS OPERATED WITH SATISFACTORY RESULTS

By G. P. Blackiston, Advertising Manager, Safe Deposit and Trust Company, Pittsburgh

AN advertisement that tells an impractical story is willful extravagance. It accomplishes nothing, yet costs a great deal of money. Combining practicability with originality, possibility and attractiveness means much to the advertiser.

It was upon this theory of advertising that the Peoples Savings Bank of Pittsburgh based a series of newspaper advertisments that really brought results. The series was ingenious, original and possessed an impelling force. It consisted of eighteen advertisements, run each day in the Pittsburgh daily papers and exemplified, by illustration and text, the success possible for any young man of average intelligence, making a fair salary and willing to save a part of it.

It embodied a new departure in bank advertising, but the field is fertile and from the results it was apparent that the advertising appropriation, for this series at least, had not been expended in vain. We are a reading public. Fiction appeals strongly to us and in the Peoples' series the advertising was tempered to the proper degree with a dash of entertainment that compelled not only notice but perusal by the public.

The "Stephen Wadsworth series"—for such was it called—had to do with a fictitious personage by that name, who started to save when he was twenty-four years of age. His career covered quite an extended period. He was introduced at the beginning, where he is first attracted by a bank's offer of four per cent. interest. He progressed step by step, being taken through the real estate business from start to finish. He accumulated a fortune, of course, and while his path was not strewn with roses at every turn, he was made to be an average success.

There was a story, a lesson and a moral in the Stephen Wadsworth series. The story covered his experience from a raw and illy-versed beginner who desired to save money and become independent but lacked the knowledge of how to proceed and in what directions to take the initiative, to the retired business man, whose family has grown up with his progressing business. The lesson and moral are obvious.

Stephen Wadsworth was the child of the imaginative brain of an ad writer, but he is a man of flesh and blood and actual personality in that his living replica exists in every one of our large cities. His is a "stage name" which only masks the identity of thousands of successful business men who have forced success to come to them by such methods as he pursued.

In the first of the Wadsworth advertising series, Stephen is a young man of twenty-four, earning seventy-five dollars a month and possessed of the conviction that the spending of his salary uselessly is folly. He decides to open a savings account to test the matter of accumulating a fortune. He begins by depositing ten dollars twice a month. He is persevering, industrious and determined.

After saving a few hundred dollars Stephen invests in a building lot, borrowing money from his bank to complete his purchase. The bank places a first mortgage on the property while the contractor he has secured to erect the house agrees to take a second mortgage for the difference between the contract price and the amount of the first mortgage.

The building of the house depletes Wadsworth's bank balance, but he owns a valuable renting property. His salary is raised to $100 per month and he looks forward, when the house is completed, to clearing $100 a year, above expenses, from his house and decides to save half of his salary. The house is completed and rented and finally sold at a comfortable profit. The next investment is the purchase of a manufacturing site, which he holds for a time and finally sells for a larger profit.

He is rapidly gaining an insight into the real estate business and his experience is broadening his knowledge. It is at this point that he first encounters a real rebuff. A "friend" induces him to buy a small block of watered mining stock—1,000 shares at the bargain rate of ten cents a share, the smooth salesman assuring him that it would surely jump to five dollars a share. Stephen Wadsworth loses his original investment, but he gains some valuable experience, although it cost him $100.

With a cash balance of $3,500 as the result of his real estate investment, he decides to stick to that business. He buys four

lots at a bargain of $2,500 in a promising residential district and builds four houses. He rents them and secures a net income of $40 per month. He then sells them for $15,000, the four having cost him $10,500. With $8,000 in the bank he gets married and later expends $10,000 and becomes a partner of his employer. The series finally closes with his retirement and an illustration of his handsome home.

During the intervals between the advertisements, his money is kept in the bank. In each advertisement was the suggestion "Watch Stephen's progress in the next advertisement." The series showed the bright side of the business, but did not depict an impossibility nor an improbability. The figures and conditions were taken from an actual experience and there is absolutely no doubt that there are others who have become successful in a similar manner.

The Stephen Wadsworth series was an unqualified success from an advertising standpoint. The obvious suggestion in each advertisement brought excellent results. An entirely new idea was followed, newspaper readers were interested and prospctive bank customers were afforded something new to think about.

HOLDING POPULAR CONFIDENCE

By Clarence W. Barron of The Boston News Bureau

BANKERS must have eyes and ears, but somebody else must do the talking for them. They are kings over the currents of money circulation upon which ride the ships of commerce. They must always hold the confidence of the people who hold the other vital end of the circulating medium in their individual pocketbooks. Like kings, they must have their counsellors, whose heads fall in the baskets when their advice is proved wrong. They must have the very highest advice concerning publicity, for they obtain credit standing according to the impression they make by their public appearance before the keenest and most sensitive minds in the world—those minds which dwell close by a pocketbook.

You may denounce a man's political faith, spurn his religious principles, ignore the existence of his family and all his family associations, and not one of these matters will be considered when the banker invites him to hand over his cash reserve. The test of faith then is, "Do you people bank well?"

Now the manner of making this invitation to come into a bank and do business must show forth the character, the integrity, the standing, the taste and as far as possible the human interest that is in the bank. A bank is organized like an individual, with head, hands, stomach, digestion and feet, and the face of the bank, whether put forth in marble counters and copper grills or stone pillared facade, in pamphlet form or newspaper advertisement, must show the character, the standing, the size, the strength, the digestion, the arms, the legs, the head, in fact, the whole institution as a human organization.

You can often picture the breadth or narrowness, the low selfish purpose of gain without recompense, or the high purpose of service for fair profit of a banking institution or financial proposition from the character of the advertising.

In newspaper advertising, the bank has to deal with an art creation involving only black and white, but that black and white arrangement calls for no mean order of art talent. The man who orders that advertisement, if he is the soul of the bank, will often reflect himself and his administration and sometimes the whole bank in that advertisement. You may read that administration in the figures by the way they are presented; you can read it in the officers of the bank in the way their names are set forth; you can read it in the directors by the trades they represent, and you can read it in the manner, the form, the artistic appearance or inartistic appearance, and by all the ways those black lines are permitted to appear on white paper.

EMBLEM DESIGNED AND EXECUTED BY THE PUBLICITY DEPARTMENT OF THE BANKERS PUBLISHING COMPANY

SAVING MONEY

A CLEVELAND SCHOOLGIRL'S IDEA OF IT

THE Cleveland Trust Company's ever wideawake advertising department to stimulate habits of thrift in the children of Cleveland and vicinity, early last October, announced the following prize offer: Twenty prizes for the best essays on the subject "Saving Money," written by children under fourteen years old attending school

THE MERCHANTS LOAN
OLDEST BANK IN CHICAGO
AND TRUST COMPANY

The Best Safeguard for Human Economies Is a Well-Equipped Savings Bank.

Capital, Surplus and Undivided Profits

$9,000,000

Shield Your Income

With an account in the Savings Department of The Merchants Loan and Trust Company.

A new illustrated Savings Booklet, "Pocket Guide for Depositors." Call or Write.

135 Adams St.

Savings Deposits made on or before February 6 draw interest at the rate of 3 per cent from February 1.

ADVERTISEMENT OF A BIG CHICAGO INSTITUTION

in Cleveland, East Cleveland, Lakewood, Bedford, Willoughby, Painesville or Lorain.

First Prize	$25.00
Second Prize	20.00
Third Prize	15.00
Fourth Prize	10.00
Sixteen Prizes, each	5.00

Essays to contain not more than 350 words; to be written in the children's own handwriting and mailed to The Cleveland Trust Company not later than November 15, 1910. Names, ages and addresses of contributors to be sent in with essays but on separate pieces of paper.

Six hundred and fifty-three essays competed for the prizes.

In view of the interest the children took in this contest it is the intention of the directors and officers of The Cleveland Trust Company to hold a similar contest each year—probably in the fall.

The first prize essay written by Dorothy Rose, thirteen years old, is as follows:

A long time ago—when I was a kindergartner—somebody I like very much brought me a little clock. It was a dear little clock that looked like a wee house, and it had an opening in the roof through which I could drop my pennies—for the little clock was a timepiece, and a house, and a savings oank all in one.

And somebody I like very much wrote a verse about the clock and pasted it on the back. Here it is:

"I put my pennies in a clock—
Although that may seem funny,
And when I hear the tick-a-tock
It tells me time is money."

The little clock still sings its song of savings, for it is a stout little clock and hasn't minded in the least the many shakings I have given it. I don't often overfeed it, although on several occasions it has choked up and been taken to a down town bank to

be relieved—always coming home as cheerful and hungry as ever.

I think I owe my little clock something more than winding and dusting. It has taught me the pleasure of saving—for it surely is a pleasure when you measure it by results. My savings have been small, smaller than they should have been, no doubt, but there is a modest balance in a down town bank that waits my call—and grows as it waits.

I haven't thought much on this subject of "Saving Money," but there are two or three ideas that impress me.

In the first place, I never missed the pennies and nickels and dimes I saved, and my little balance in the savings bank brings a pleasant feeling when I remember it is there and always growing—through interest and additions.

The possession of this balance gives me a comfortable sense of ownership and a feeling of mastery—for my money is working for me, day and night, hour after hour, steadily, uncomplainingly—like the litle clock on my table up-stairs.

A FEW FORM LETTERS

SOLICITING EPISTLES SENT OUT BY VARIOUS INSTITUTIONS

FOLLOWING are form letters used recently by several different institutions:

The Corn Exchange Bank, New York, Hudson Terminal Branch:

Dear Sir:

At the conclusion of our business year, we feel that one of the most pleasurable features of our work has been the co-operation of our depositors. The best expression of this co-operation has been their efforts to make us known to their friends.

We wish to express to you our appreciation for your kindly effort in our behalf, and hope that in our future relations we shall continue to merit your esteem. We should be very much gratified, if during the coming year you could be the means of bringing to us one new account, and we in turn will gladly do our utmost in extending to you and your friends the facilities of a strong and conservative bank.

With best wishes for your future success, and hoping for a continuance of our pleasant relations, we beg to remain,

Yours very truly,

E. S. MALMAR,

Manager.

Northern New Jersey Trust Company, Edgewater, N. J.:

Dear Sir:

We take pleasure in sending you, under separate cover, one of our calendars for 1911, which we trust will reach you safely and be found sufficiently attractive to be given a place in your home.

We hope you will find time to read the enclosed folder, as it explains briefly why our bank's business made such an unprecedented increase during the past year. It also outlines the advantages of transacting your banking business with our company.

As your interests are our interests, it would afford us pleasure to have you make use of our services, as we are satisfied you would be well pleased with any dealings you might have with us.

Wishing you the Compliments of the Season, we beg to remain,

Yours respectfully,

S. L. DOREMUS,

Secretary and Treasurer.

The Franklin Society for Home Building and Savings, New York:

Concerning Your Savings.

Dear Sir:

First mortgages are generally conceded to be the best investment existing. But there are degrees of security in mortgage loans as well as in other investments, and experience has proved that small first mortgages ($1,000 to $7,500) on individual dwellings are better than any other class of mortgages.

For more than twenty-two years the Franklin Society has invested its funds exclusively in this class of mortgages in New York and the immediate neighborhood.

The safety of these securities, the Society's long and conservative record, its convenient methods, and careful supervision by the New York State Banking Department make the Franklin Society an ideal place in which to put your savings.

In January, 1911, it pays its forty-fourth consecutive semi-annual dividend. The rate is four and a half per cent. per annum. The possession of a Franklin Society pass book inspires satisfaction and confidence. May we be favored with an account from you? Tell your friends about the Franklin Society.

Yours very truly,

H. A. THEIS,

Second Vice-Pres.

P. S. Accounts of $10 or more opened on or before January 10, earn from January 1.

First National Bank, Intercourse, Pa.:

Dear Sir:

Have you heard that the First National Bank of Intercourse will pay interest on Time Deposits, at the rate of three per cent. for six and twelve month periods, beginning January 1, 1911?

Now, or later, you may have some money lying idle, and it might as well earn some interest for you. By putting it in this bank, on Time Certificate, you can make three per cent., and still have the privilege of withdrawing it at any time, by forfeiting the interest. If you need a loan, say, for thirty or sixty days, you can use the Time Certificate, to the amount of its face value, as collateral, and needn't ask any one to endorse for you.

Should you know of any persons in your community who have some money to deposit

on Time Certificate we'd consider it a special favor if you'd call their attention to our bank.

Visit our institution so that we can talk over this matter with you, but if it is inconvenient for you to call, just write out your check in favor of "Intercourse Bank," and mail it. Use the enclosed envelope, and it will be sure to reach us safely. Your Time Certificate will be returned to you at once.

The best plan is for you to come to the bank yourself, bring your valuable papers along, rent a Safe Deposit Box in our fireproof Vault (only One Dollar a Year) and put all your valuable papers, along with your Time Certificate in a Safe Deposit Box.

Hoping to be favored with a share of your business, at least, we remain

Very truly yours,

WILLIS R. KNOX,

President.

Commonwealth Trust Company, Boston:

Dear Sir:

We desire to thank you for the satisfactory bank account that you have had with us, and hope that we have ourselves rendered efficient service to you.

We appreciate the favor of having your account in this Trust Company and hope that you will make use of our facilities whenever you desire information or advice of a financial nature or require the services of a Notary Public or wish to have securities or other valuables taken care of or shipped. We do not, of course, limit ourselves to the services here mentioned, but expect our depositors to call upon us in many other ways.

The proposed removal of our Milk Street branch to the street floor of the new Stock Exchange Building, now under construction at 30 Congress Street, near the corner of State Street, which we hope will take place in the early summer, will greatly increase our facilities and make us, we trust, more useful to our depositors, as we will then have two large Banking Houses with Safe Deposit Vaults, one on Summer Street and the other near State Street.

Very truly yours,

GEORGE J. MUMFORD,

President.

The National City Bank, New Rochelle, N. Y.:

Dear Madam:

We feel that the women who have been doing their banking business with us during the past year and perhaps longer, have added materially to the efficiency of our Bank, and as it would be quite a task for me to meet each one personally and express the favorable part their business has added to our success, I am taking this opportunity of writing to you our appreciation of your interest in our Institution, and trust that you have received from us during the year just closing courteous treatment and satisfactory service.

We know that at times puzzling questions arise in reference to a bank account, and it will give me, as well as the other officers of the Bank, pleasure to be of service in making plain what cannot be readily understood. Perhaps you would be glad to help us further by speaking a word of commendation to any of your lady friends who are seeking a bank connection. We will appreciate the favor and thank you.

As a reminder of the Holiday Season and for service during the coming year, we have prepared a useful and attractive pencil which we would like our women customers to use, and one of these pencils has been laid aside for you and our Paying Teller will be glad to deliver it either to you in person or on your order.

Sincerely yours,

HENRY M. LESTER,

President.

DO YOU WANT TO SWAP BOOKLETS?

AN EXCHANGE FOR BANK ADVERTISERS IS SUGGESTED

MR. Charles D. Wells of the Advertising Department of the Traders Bank of Canada, No. 8 Wellington street, West, Toronto, Ont., suggests that he would be glad to exchange advertising matter with banks in other parts of Canada and the United States. Put Mr. Wells on your exchange list and he will put you on his.

And don't forget to send this department samples of your advertising matter, too. If we find that there are enough bank advertising men who would care to do so we will publish a list of names and addresses of persons who would like to exchange booklets, circulars, statements, etc. Write us if you are interested in the plan.

IT PAYS TO ADVERTISE

A MAN from Maine came into the Lincoln Trust Company's office in Boston a short time ago and opened a good-sized account. He had been influenced by one of the advertisements of this company in a Boston newspaper, dealing with the value of a bank account. The Lincoln Trust Company, by the way, has the individual advertising preparation service of the Bankers Publishing Company.

SAVINGS BANK ADVERTISING

A NOTICEABLE IMPROVEMENT IN THE PAST FEW YEARS

ABOUT three years ago in this department we took occasion to criticize the newspaper advertisements of the New York City savings banks which consisted largely of interest dividend notices.

Irving Savings Institution

115 Chambers St., New York.

The Trustees of this Bank have declared interest at the rate of

4% per annum on all sums from $1 to $3,000—entitled thereto on Dec. 31, 1907, payable on and after Jan. 15, 1908. Deposits made on or before Jan. 10 will draw interest from Jan. 1st.

W. H. B. TOTTEN, President.
GEORGE B. DUNNING, Secretary.

THE MANHATTAN SAVINGS INSTITUTION,
NOS. 644-646 BROADWAY.
115TH SEMI-ANNUAL DIVIDEND.
December 10th, 1907.

The Trustees of this Institution have declared interest at the rate of

FOUR PER CENT.

per annum on all sums not exceeding $3,000 remaining on deposit during the three or six months ending on the 31st inst., payable on and after January 20th, 1908.

Deposits made on or before January 10th, 1908, will draw interest from January 1st, 1908.

After January 1st, 1908, open daily from 10 A. M. to 3 P. M. Saturday from 10 A. M. to 12 M.

JOSEPH BIRD, President.
FRANK G. STILES, Secretary.
CONSTANT M. BIRD, Asst. Secretary.

The Metropolitan Savings Bank.

1 and 3 THIRD AV., (opp. Cooper Institute.)
CHARTERED 1852.

109th DIVIDEND.

New York, Dec. 10th, 1907.

INTEREST FOR THE HALF YEAR ENDING DECEMBER 31ST, 1907, at the rate of

FOUR PER CENT. Per Annum

will be credited to depositors entitled thereto under the by-laws of the bank on sums from $5 to $3,000.

INTEREST PAYABLE JANUARY 15TH, 1908.

MONEY DEPOSITED on or before January 10th will draw interest from January 1st.

JONATHAN B. CURREY, President.
EDWARD SHERER, Secretary.

HENRY SIEGEL FRANK E. VOGEL

HENRY SIEGEL & CO

PRIVATE BANKERS

MAIN FLOOR

The 14TH STREET Store NEW YORK

4½ PER CENT INTEREST

Paid on Deposits from $1 to $3,000

MONEY DEPOSITED ON OR BEFORE JAN'Y 20 WILL DRAW INTEREST FROM JAN'Y 1. INTEREST READY AND PAYABLE, IF DESIRED, PROMPTLY ON THE FIRST BUSINESS DAYS OF JANUARY AND JULY.

Deposits may be withdrawn at any time without giving notice

WE HAVE NEVER AT ANY TIME REQUIRED NOTICE FROM OUR DEPOSITORS FOR THE WITHDRAWAL OF DEPOSITS.

THE INVESTMENTS AND CONDUCT OF OUR BUSINESS ARE UNDER THE DIRECT SUPERVISION AND CONTROL OF RESPONSIBLE, WELL-KNOWN BUSINESS MEN ENGAGED IN LEGITIMATE MERCANTILE ENTERPRISES.

WRITE FOR CIRCULAR.

Hours: 9 A. M. to 5.30 P. M.

F. L. CHAMPION, Cashier W. J. DOHERTY, Asst. Cashier

The Bowery Savings Bank,

128 AND 130 BOWERY.
NEW YORK, Dec. 10, 1907.

A semi-annual dividend at the rate of

FOUR PER CENT.

per annum has been declared and will be credited to depositors on all sums of $5.00 and upward and not exceeding $3,000, which shall have been deposited at least three months on the first day of January next, and will be payable on and after Monday, January 20th, 1908.

Money deposited on or before January 10 will draw interest from January 1, 1908.

JOHN J. SINCLAIR, 1st Vice-Pres't.
HENRY A. SCHENCK, 2nd Vice-Pres't.
WILLIAM E. KNOX, Secretary.

THE BANK FOR SAVINGS

IN THE CITY OF NEW YORK,
280 Fourth Avenue, Dec. 13th, 1907.
177TH SEMI-ANNUAL DIVIDEND.

The Board of Trustees has declared an interest dividend for the Six Months ending December 31st, 1907, at the rate of FOUR PER CENT. per annum on all sums of $5.00 and upwards entitled thereto, and payable on and after Jan. 20th, 1908.

The dividend will be credited to depositors as principal, January 1st, 1908.

Deposits made on or before January 10th will draw interest from January 1st, 1908.

WALTER TRIMBLE, President.
CHARLES A. SHERMAN, Secretary.
JAMES KNOWLES, Comptroller.

Union Dime Savings Institution

BROADWAY, 32D ST., AND 6TH AVENUE.
GREELEY SQUARE, NEW YORK.

Interest Four Per Cent

Per annum from $5 to $3,000. Credited January 1st, payable January 16th, or any time later.

CHARLES E. SPRAGUE, President.
FRANCIS M. LEAKE, Treasurer.
WILLIAM G. ROSS, Secretary.

The Brooklyn Savings Bank,

COR. PIERREPONT & CLINTON STREETS,
BROOKLYN, N. Y.
December 14, 1907.

INTEREST AT THE RATE OF

FOUR PER CENT. PER ANNUM

will be credited to depositors with this bank, January 1st next, on all sums entitled thereto, (payable on and after January 20th.)

MONEY DEPOSITED on or before January 10th will draw interest from January 1st, 1908.

BRYAN H. SMITH, President.
FELIX E. FLANDREAU, Cashier.
EDWIN P. MAYNARD, Comptroller.

SEAMEN'S BANK FOR SAVINGS,
74 and 76 Wall Street.

THE TRUSTEES HAVE ORDERED THAT INTEREST be paid to depositors entitled thereto under the by-laws, and in accordance with the Savings Bank laws, for the six months ending Dec. 31st, 1907.

On accounts not exceeding three thousand dollars at the rate of FOUR PER CENT. per annum.

Payable on and after Monday, Jan. 20th, 1908.

DANIEL BARNES, President.
GEORGE M. HALSEY, Cashier.

New York, Dec. 10th, 1907.

Deposits made on or before Jan. 10th will draw interest from Jan. 1st.

GREENWICH SAVINGS BANK

S. E. Cor. 6th Av. and 16th St.

INTEREST AT THE RATE OF FOUR PER CENT. PER ANNUM will be credited depositors for the SIX MONTHS and THREE MONTHS ENDING DEC. 31, 1907, on all sums from five dollars to three thousand dollars, entitled thereto under the by-laws, payable Jan. 20, 1908.

JAMES QUINLAN, President.
CHARLES M. DUTCHER, Treas.
J. HAMPDEN ROBB, Secretary.

Deposits made or or before JAN. 10, 1908, will draw interest from JAN. 1, 1908.

HOW NOT TO DO IT

At that time we said.

There is no better illustration of the card announcement style in bank advertising than the stereotyped form of newspaper advertising being done by the New York City savings banks.

These advertisements are all cut from the same cloth.

It would seem that if the purpose of this advertising was to get more depositors for the banks, the advertisers fell far short of their opportunities and wasted good money in expensive newspaper space.

There is no law that compels the New York savings banks to advertise in this perfunctory way. But even if it were compulsory, is there

Let the New Year Bring Success

Be determined that if your former practices led to NO savings, your new practices shall lead to SOME saving. That if you formerly saved only a little, you shall now save more.

The Trustees of the Empire City Savings Bank have declared interest for the six months ending Dec. 31, 1910, at the rate of

Four Per Cent. **4%**

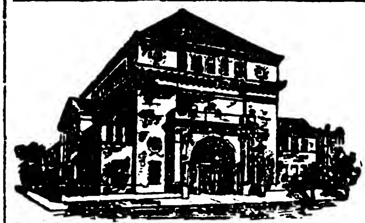
per annum on all sums from $5.00 to $3,000.00, payable Jan. 16, 1911. Money deposited on or before Jan. 13 will draw interest from Jan. 1, 1911.

Empire City Savings Bank

231 West 125th Street

I. A. HOPPER, Pres. A. T. TIMPSON, Sec'y.

SAVINGS BANKS.



Established 1827 Corner Pierrepont and Clinton Streets

Brooklyn Savings Bank

DEPOSITS 46 MILLIONS

Surplus January 1, 1911, Over 5 Millions

Interest at the rate of

4 PER CENT PER ANNUM

will be credited to depositors with this bank January 1st next, on all sums entitled thereto (payable on and after January 20th.) Deposits made on or before January 10th will draw interest from January 1st.

BRYAN H. SMITH, President.
EDWIN P. MAYNARD, Comptroller.
LAURUS E. SUTTON, Cashier.

ASSETS

SIXTY-FIVE MILLIONS

SURPLUS JAN'Y 1, 1911,

OVER EIGHT MILLIONS

The Williamsburgh Savings Bank

Broadway and Driggs Ave., Brooklyn

December 5, 1910.

Notice is hereby given that on and after the Twentieth day of January, 1911, a Semi-Annual Interest at the rate of

FOUR PER CENT.

per annum will be paid to all depositors in this bank who on the First day of January, 1911, may be entitled thereto.

Money deposited on or before Jan'y 10, 1911, will draw interest from Jan'y 1.

Accounts can be opened by mail.

Send for booklet and full instructions.

E. B. TUTTLE, President.
WILLIAM F. BURNS, Cashier.
S. M. MEEKER, Secretary.
Bank Open Daily, 10 A. M. to 3 P. M.
On MONDAYS from 10 A. M. to 7 P. M.

Business Men

are invited to open savings accounts at this bank. We particularly invite the accounts of those who in the future expect to need the services of a bank willing to extend credit to responsible borrowers.

CHARLES S. CASTLE, President
WM. F. VAN BUSKIRK, Vice-Pres.
JAMES M. MILES, Cashier.

STANDARD TRUST & SAVINGS BANK

Capital and Surplus $1,250,000

159 LA SALLE ST.

IMPROVEMENT THE ORDER OF THE AGE

anything to prevent their doing some real advertising in addition?

But perhaps they do not want any more deposits.

Herewith we reproduce advertisements of three New York City savings banks and one Chicago institution, taken from daily newspapers in January.

It is interesting to compare these advertisements with the announcements which were the prevailing style of advertisements used by large savings banks several years ago.

There is now a strong tendency, even on the part of the largest and most conservative savings banks, towards *real* advertising which is a delightful contrast to the former conditions.

But there is still room for improvement.

HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

THE Waco (Tex.) State Bank, for the twentieth time, has sent out its maturity calendar, which is a useful present for cashiers, bookkeepers, note clerks, bill clerks and everyone who has to figure maturity paper at thirty, sixty and ninety days.

North & Co., bankers, of Unadilla, N. Y., recently got up a very ingenious booklet entitled "Pointers," which was made to come to a very sharp point on the right hand side and on each page was printed a good pointer concerning the service and stability of the institution.

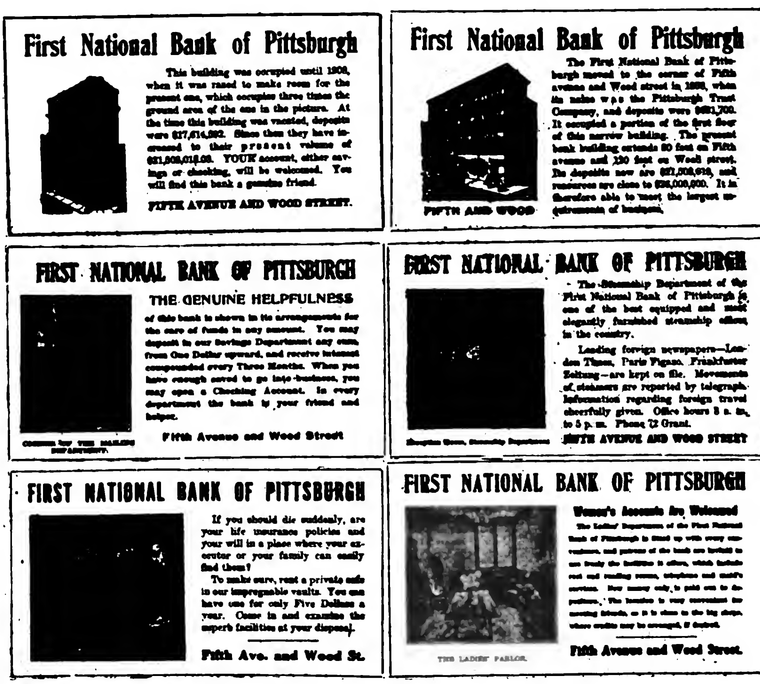
Another unusual folder is one advertising the Northern New Jersey Trust Company, Edgewater, N. J. It is entitled "One Minute, Please," and the cover is ornamented by a representation of the two hands of a watch indicating the one minute.

It takes more than a minute to read the leaflet, but it is good enough to repay one for several minutes spent in perusing it.

The Southern Arizona Bank and Trust Company has published a comprehensive booklet outlining attractively all the features of its service.

The Commercial National Bank of Ogden, Utah, which is located in a wool-producing region, gave away a booklet reproducing Schedule K of the tariff act of 1909, dealing with wool and the manufactures thereof.

We are indebted to William H. Siviter, advertising manager of the First National Bank of Pittsburgh, for the samples of that bank's good newspaper advertisements herewith reproduced.



GOOD PITTSBURGH COPY

The Citizens National Bank of Englewood, N. J., published in the Englewood *Press* an interesting analyzed statement of condition as indicated by the report to the comptroller of January 7, 1911.

The East Brooklyn Savings Bank issued a folder bearing the title, "Talk It Over With the Savings Bank Man," the gist of

the preachment being that it is a wise plan for the average depositor to talk it over with his banker before he draws out his deposits to play the stock market. The matter is a reproduction of an Arthur Brisbane editorial.

C. L. Chilton, Jr., of the First National Bank, Montgomery, Ala., sends us a booklet distributed as a convention souvenir to the members of the Alabama Bankers' Association. It contained a collection of newspaper bank advertising copy used by the First National locally.

During a recent run on a western bank a billboard was set up in the street where the line of depositors was gathered, and its frank statement of the bank's condition did much to restore confidence. Many people dropped out of the line after reading the sign, which bore this legend:

"'This bank can pay every dollar on deposit. It is one of the strongest banks on the Pacific Coast. It has been your friend. Jealous competitors have worked to bring you here. Every person in this line should show their loyalty by leaving at once. Your money is safe. Why, then, remain here doing an unkind and foolish thing? Break ranks."

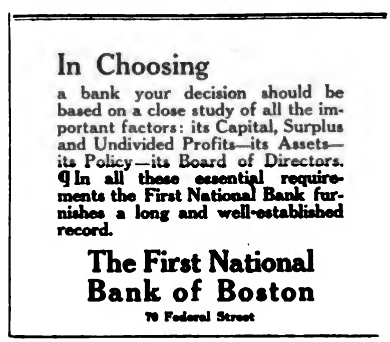
The run lasted thirty-six hours, but the bank stood the strain and remained solvent. An enterprising merchant took advantage of the incident to secure a novel advertisement for his store. It happened that he was prepared to move into the adjoining building, and the picture of the crowd before the bank had the appearance of heading for his new quarters. A cut of this picture was used for his announcement, the legend reading, "Your money is safe if you follow the crowd to ——," giving the name of his own establishment.

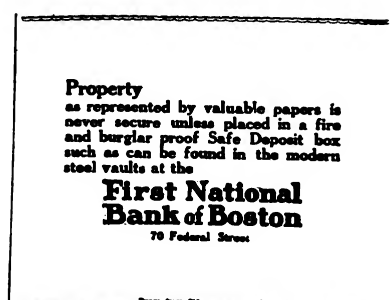
"Thrift, An Old Time New England Virtue" is the title of an interesting folder gotten out by the Granite Savings Bank and Trust Company of Barre, Vt. The article in it begins with a quotation from the Boston "Congregationalist" to the effect that it is a fine art requiring knowledge, experience and virtue to maintain a family at the maximum of comfort with the minimum of cost, but that it is the first duty in every household of limited means.

The annual statement and report of the president of the Union Trust Company of Chicago is very attractively printed this year, and, what is probably the most attractive feature, the report shows a very gratifying increase in the business of the institution. The growth of the company's deposits for the past ten years is shown by this table:

Jan. 1, 1901	$4,883,686.43
Jan. 1, 1902	6,195,335.09
Jan. 1, 1903	7,275,685.17
Jan. 1, 1904	8,370,501.21
Jan. 1, 1905	10,307,516.96
Jan. 1, 1906	11,337,955.23
Jan. 1, 1907	12,707,693.09
Jan. 1, 1908	10,435,388.04
Jan. 1, 1909	12,888,565.90
Jan. 1, 1910	14,450,304.79
Jan. 1, 1911	16,470,562.38

Henry L. Mann has recently taken up the publicity work of the First National Bank of Boston. He is a graduate of Williams College and Boston University, '03, and has been connected with the International Trust Company, Gay & Sturgis and Massachusetts Title Insurance Company of Boston, while some newspaper experience has added to his equipment for work in the line of banking publicity. Some of Mr. Mann's recent ads. in the Boston daily papers are reproduced herewith.





SOME RECENT NEWSPAPER ADS. OF THE FIRST NATIONAL BANK OF BOSTON

The First National Bank of Northfork, W. Va., sends us a photograph of one of

A BANK'S OUTDOOR AD.

its billboard advertisements and it is reproduced herewith. Quite a number of banks are using this form of advertising.

The First National Bank of Fort Wayne, Ind., is using a set of small folders suitable for enclosure with mail. The titles are "Lifting the Mortgage," "A Few Words on Helping Yourself," "Just About Breaking Dollars," and "What's the Use?"

The Fidelity Trust Company of New York sent out a beautiful holly embossed check to stockholders just before Christmas with this notice:

> We take pleasure in enclosing a Christmas dividend of two dollars per share on the number of shares of the capital stock of our company registered in your name, at the close of business, December 21, 1910.
>
> Wishing you a Merry Christmas and a happy and prosperous New Year, we are
>
> Yours very truly,
>
> FIDELITY TRUST COMPANY, OF NEW YORK.
>
> Samuel S. Conover, President.

The Christmas dividend was in addition to the customary semi-annual dividend of three per cent.

BOOK REVIEWS

FINANCIAL, ECONOMIC AND MISCELLANEOUS SPEECHES AND ESSAYS. By Henry Clews, LL.D. New York: Irving Publishing Co.

Covering a wide range of business, social and political subjects, Mr. Clews speaks with keen discernment, good humor and great practical sense. From the vantage-point of Wall Street he has for more than a half century observed the progress of the world's affairs, and has set down what he has seen and experienced in a series of essays and public addresses which may be read with interest and profit.

While not unmindful of the many things that need bettering in our social, business and political affairs, Mr. Clews shows a strong belief in the continued advance and permanent prosperity of the country.

QUESTIONED DOCUMENTS. A study of questioned documents, with an outline of methods by which the facts may be discovered and shown. By Albert S. Osborn, with an introduction by Professor John H. Wigmore, author of "Wigmore on Evidence." Rochester, N. Y.: The Lawyers Coöperative Publishing Co.

The author announces that 'The purpose of this book is to assist in the discovery and proof of the facts in any investigation or legal inquiry involving the genuineness of a document." It seems that this purpose has been well fulfilled, for the volume certainly contains a vast fund of useful information along this line—information that may be profitably studied by bankers and all who handle notes, checks, securities, etc.

A SIMPLE EXPLANATION OF BANKING CUSTOMS. By Humphrey Robinson. Boston: Small, Maynard & Company.

This little volume contains much sound and valuable information for those who deal with banks. A knowledge of its contents by bank depositors generally would save a great deal of time, trouble and annoyance, and perhaps in some cases prevent the loss of money.

THE PLANTER. By Herman Whitaker. New York: Harper & Brothers.

This is the story of a New England young man's experience on a rubber plantation in Mexico, and it is full of spirit and stirring adventures both with financiers in the United States and natives in Mexico. Whether the picture given of conditions on the Mexican rubber plantations is an accurate one or not, we do not know. The coloring, at this distance, appears rather vivid. The story is replete with incident and interest.

THE ARGENTINE REPUBLIC: Its Physical Features, History, Fauna, Flora, Geology, Literature and Commerce. By A. Stuart Pennington. New York: Frederick A. Stokes Co. (Price, $3.00.)

Perhaps few foreign countries are just now receiving more attention from men of enterprise than the far Southern Republic so fully described in this volume. Those Americans who have not studied the history of Argentina, and who are not familiar with the country's delevopment will be both interested and surprised at the record of progress and the exhibition of rich resources which this volume presents. It is an interesting account, and exceedingly valuable for the minute description of the wealth of forest, mine and field which Argentina contains.

A BOND INTEREST CALENDAR.

Pope's Daily Bond Interest Calendar for 1911, second year's edition, published by Financial Service Co., 2 Rector street, New York, price $2.20 delivered, has just been issued.

This calendar is an original, unique and valuable help to banks, trust companies, bankers, stock brokers, bond houses, etc., it showing accrued interest on bonds, both for cash and regular delivery, instantaneously each day. It is designed both for cashiers' and dealers' use. It absolutely does away with the labor, inconvenience and possibility of error entailed by use of the old style Bond Interest Tables, and keeps before one the actual current day's figures. It is attractively and substantially gotten up and is used by a large number of representative banking and bond houses.

BOOKS RECEIVED

COMMERCIAL HANDBOOK OF CANADA. (Heaton's Annual; price, $1.00.) Toronto: Heaton's Agency.

PROCEEDINGS OF THE THIRTY-SIXTH ANNUAL CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION, 1910. New York: Compiled by Fred E. Farnsworth, General Secretary of the American Bankers' Association.

AMENDING THE NEGOTIABLE INSTRUMENTS LAW

Editor Bankers Magazine:

My attention has been called to a letter by Mr. Crawford, the draftsman of the Negotiable Instruments Law, in a recent issue of your magazine, in reference to the Act passed last year by the Massachusetts Legislature amending Section 102 of Chapter 73 of the Revised Laws, which is section 85 (numbered 145 in the New York law) of the negotiable instruments law. I did not prepare this amendment but I was somewhat concerned in the discussion which ultimately gave rise to it, and as a Commissioner for Massachusetts, for the promotion of uniform State laws, I was consulted by the Governor before he attached his signature to the bill.

Much as I believe in the desirability of uniform legislation, I was obliged to concede that in this case an amendment of the statute was desirable.

Mr. Crawford in his quotation of the Massachusetts statute omits what to my mind is the most vital part of it. The statute does not simply add to the section of the Negotiable Instruments Law in question the proviso which Mr. Crawford quotes, but changes that section in other respects. The second sentence, and part of the third of that section, as it stands in the Negotiable Instruments Law, reads as follows:

"When the day of maturity falls upon Sunday or a holiday, the instrument is payable on the next succeeding business day. Instruments falling due on Saturday are to be presented for payment on the next succeeding business day, except" etc.

There then follows an exception relating to instruments payable on demand as to which an option is given. The language quoted has been the cause of great uncertainty among Boston bankers. Is the effect of this language that instruments whose date of maturity falls upon Saturday are payable upon Monday (assuming that day to be the next succeeding business day) or does the statute still leave such instruments payable on Saturday but require presentment on Monday in order to charge endorsers? The matter was submitted to some of the most eminent lawyers in Boston for opinion, and they agreed that the latter was the true construction. The reasons are set forth in 23 Harvard Law Review, 603.

Assuming this construction to be sound, the result is that the instrument is due, so far as the maker is concerned, on Saturday. He would have no excuse for re-

fusing to pay on that day, interest would begin to run against him and a right of action against him would accrue. Yet in order to charge endorsers, presentment must be made on Monday. Such a situation is an anomaly in the law of bills and notes, and an objectionable anomaly. Without introducing any question of collecting agents into the problem, trouble is likely to arise.

The specific case which caused trouble in Boston related to the liability of the maker for interest between Saturday and Monday. Where notes are of a large amount, this is of some importance. Moreover, the matter of the collecting agent's position cannot very well be left out of account. I agree with Mr. Crawford that the statute does not undertake to state what is proper diligence for a collecting agent, and that generally speaking it is improper to introduce matter into the statute relating to that. But it may become necessary to do this if the Negotiable Instruments Law, though not purporting to deal with the question of an agent's diligence, establishes a rule which seriously affects the very question supposed to be excluded, and this is what the section of the Negotiable Instruments Law under consideration does. Though, as Mr. Crawford's letter points out, an agent might, under peculiar circumstances, be bound to present paper before the last possible time allowed by law for so doing, the general rule as to his duty is to present at maturity. Any rule, therefore, which makes the day of maturity uncertain is in its necessary effect legislation affecting the question of the agent's diligence. Consequently, a provision as to demand paper that it may be treated as due either on a Saturday or Monday by the holder, as it creates an entirely new problem as to an agent's duty (since no such situation ever arose under the law merchant, apart from statute) invites a solution of the question that it raises. I do not think that the proviso of the Massachusetts statute which Mr. Crawford criticizes is happily worded and I should think it was quite as well. as he suggests, that the enactment of a statute in regard to what is due diligence for a collecting agent of demand paper, should have been put in a separate statute, but I think it should be clearly understood that such a statute was necessary, and I think it should be further clearly understood that an amendment to the Negotiable Instruments Law was proper and, indeed, necessary in order to determine exactly on what day paper by its terms maturing on Saturday is legally payable. This has been done in the Massachusetts statute by substituting for the words quoted at the beginning of this letter from the Negotiable Instruments Law the following:

"When the day of maturity falls upon Saturday, Sunday, or a holiday, the instrument is payable on the next succeeding business day which is not a Saturday." These words precede in the statute the provision as to instruments payable on demand quoted by Mr. Crawford.

SAMUEL WILLISTON.

Law School, Harvard University,
Jan. 31, 1911.

Editor Bankers Magazine:

I am in receipt of a copy of Professor Williston's communication referred by you. While I am not able to see that the amendment in question was required, I am quite willing to concede that if the language of the Negotiable Instruments Law is ambiguous in this, or in any other particular, the Act should be amended. But I believe that, upon reflection, Professor Williston will agree that the procedure adopted in this instance was ill-advised, and that if it should be followed in other cases where persons may think they have discovered some difficulty in the Act, all uniformity would soon disappear. Would it not have been wiser to have first brought the matter to the attention of the Conference of Commissioners on Uniformity of Laws? Should one commissioner have undertaken to decide that a change should be made in an Act which some twenty-odd commissioners had examined and approved? This phase of the matter probably did not occur to Professor Williston when he was consulted about the amendment, and I believe that he will agree with me, that hereafter all proposed changes should be first passed upon by all the commissioners at an annual conference. If this is done, the commissioners, if they think the change necessary, can have it submitted in all the States, and uniformity may be preserved.

JOHN J. CRAWFORD.

New York, Feb. 21, 1911.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

THE OLD NATIONAL BANK OF SPOKANE AT HOME IN A NEW BUILDING

NEW HOME OF THE OLD NATIONAL BANK OF SPOKANE, WASH.

As evidence of the phenomenal growth and development of Spokane, Washington, the erection of the magnificent fifteen-story Old National Bank building is a striking example, inasmuch as it was brought into being as a direct result of the growth and expansion of one of Spokane's leading banking institutions. It also points out in a most striking manner the importance of Spokane as a financial center.

For several years past the management of the Old National Bank realized that in order to keep abreast of its business the demands of the future would have to be anticipated by providing a permanent home, such as would amply meet the needs of a modern metropolitan institution. Nearly every great bank is confronted with this problem at some period of its development. During the last few years there were a number of fine banking homes erected in various parts of the country; with hardly an exception these structures may be classed with one or the other of two distinct types.

The first is that of the individual building—for exclusive banking purposes—usually constructed on classical lines and seldom over one story in height.

The second is that of the combined bank and office building, in which the bank's headquarters are located on the ground floor, with any number of stories above devoted to offices; to this latter class belongs the fifteen-story building of the Old National Bank of Spokane, just completed.

The new building is a modern, fireproof structure, known as the steel skeleton type, with a cream-white enameled terra cotta exterior. It is situated at the northeast corner of Riverside avenue and Stevens street, in the heart of Spokane's business center, occupying the full area of the plot, 100 feet on Riverside avenue by 142 feet on Stevens street. The entire ground floor and basement is reserved for the use of the bank, though only about two-thirds of the area is now occupied. All of the upper floors are rented for offices.

First Impressions.

Upon entering the banking rooms one is at once impressed with the utility, beauty and convenience here combined. The quiet dignity, the orderly and harmonious arrangement, and the ample volume of light that floods the interior—all reflect a careful study of the requirements of the modern metropolitan bank. The spacious lobby, thirty feet wide by seventy-two feet deep, comes directly in the center of the banking rooms, affording easy access to all the cages and executive offices. This public lobby is surrounded by great columns of majestic proportions, forming a portion of the cage screen itself and rising to a height of twenty-three feet, while the skylight directly above the lobby is carried up one story higher, thus producing a stately and


Officers
THE OLD NATIONAL BANK
of SPOKANE, WASH.
D. W. TWOHY
PRESIDENT
W. D. VINCENT
CASHIER
W. J. KOMMERS
1ST ASST. CASHER
W. J. SMITHSON
3RD ASST. CASHIER
J. A. YEOMANS
2ND ASST CASHIER

dignified architectural effect. Under this arrangement there is no obstruction of posts in either public lobby or working space. To obtain this unusual result the general banking room scheme was determined upon before the building and superstructure were designed.

The ceiling of the banking room is richly but simply decorated in ornament and color. The floor and the public space is laid in Tennessee marble, while the bank counter is a combination of Grecian and domestic marbles, topped with a beautiful frieze of Grecian design. The executive offices of the bank are located at the left just inside the main entrance. This arrangement places the offices in the closest possible touch with the traffic of the public and affords an unobstructed view of the entire room. Immediately adjoining the open space of the executive offices are two commodious consultation rooms, where the executives may retire for private interviews or meetings.

There is but one entrance to the working space of the banking room for the employees. This adjoins the auditor's cage at the end of the lobby, and being used exclusively by employees, none are admitted except by the pressing of a secret button from within. A wide unobstructed passageway laid in noiseless rubber tile, extends all around behind the cages.

INTERIOR VIEW OF THE OLD NATIONAL BANK OF SPOKANE

Special Features.

In the main lobby and directly in the center from the entrance are located three handsome specially designed customers' desks and an information bureau, the latter stationed at the entrance of the bank and presided over by an informant, who will also do patrol duty. On this officer's desk is an annunciator, making it possible for any teller in the bank to call him to his window by simply pressing a secret button. While the officer's duty will be primarily that of imparting information, his additional duty of furnishing protection to bank and customers can hardly be called secondary.

The special department provided for women customers is located immediately upon the right of the main entrance to the banking room. It will be fitted out with a retiring room, telephone, writing desk and materials, and separate wickets where they may transact their business in privacy. At different points in the lobby are retiring seats for the general public where consultations may be carried on without intrusion.

ANOTHER INTERIOR VIEW

EXECUTIVE OFFICES

Located at the back of the banking room, immediately behind the paying tellers' cages, is the adding machine room for the making up of the clearing-house lists, which will employ the operation of a number of adding machines. This room will also contain the mailing department, where the endorsing of the outgoing checks with stamps and other noisy operations, such as the coin counting machines, will take place. The forward partition of this room is set in glass and while the operators may be seen, they cannot disturb the quiet of the main banking room. Adjoining this room on the mezzanine floor is located the transit department, through which all the out-of-town checks are recorded and sent out. All of this work is done by means of typewriters and adding machines operated by a force of women employees. Here also is located the switchboard connecting by telephone every department of the bank.

A VIEW OF THE WORKING SPACE

Up-to-Date Equipment.

Metal furniture and fixtures are installed throughout, excepting in the officers' quarters. Because of the fireproof construction of the banking room by the installation of metal fixtures it will be unnecessary to transfer all of the records of the bank to the vault each night. Ledgers and other weighty current records may be locked in the steel desks with perfect safety and a great saving of time. Another innovation is a money shipping room completely caged in, equipped with gas and electric wax heaters, from which all country bank shipments are made.

A cage for runners is constructed within the collection department cage, where business between tellers and runners is conducted over a counter, the same as in the general lobby. In the mailing department a large sorting table is provided where the mail from all departments is collected and placed in one enclosure, thus annually effecting a substantial saving in the cost of postage. Incoming mail is received at this desk and distributed by the bank postmaster and his assistants.

The officers' desks are flat-topped, of the sanitary type. They were especially designed and built of select figured mahogany. All chairs are patterned after the style used in the Bank of England.

Another feature of the banking rooms is the absence of any vaults on the main floor. The big cash and record vaults are grouped in the basement, where extensive accommodations are also provided for the employees, including a lunch room, locker room and shower baths. A transference of vaults to the basement removes all perma-

WOMEN'S REST ROOM

nent obstructions from the main banking rooms, leaving the floor adaptable for future expansion. Each department has omnibuses, especially constructed for its use, which at night are taken to the basement on an elevator and placed in the general vault, of which they constitute a part. The omnibuses are vaults in themselves, being of fireproof construction. These portable vaults will contain only current records, from whence they are transferred to corresponding files in document vaults in the basement. Accommodations are reserved under counters in each cage, where the buses are readily accessible during banking hours.

Modern Vault Equipment.

The complement of basement vaults provides each department with a vault of its own, making it impossible for one department to have access to that of any other, thereby more closely confining responsibility and aiding in the general audit of the bank. The cash vault has separate compartment safes for each of the tellers. It is divided into three sections—for securities, tellers' safes and reserve chests. The cash vault is of unusual size, being twenty-seven feet wide and nine feet deep, insuring ample ventilation and making it possible to work with comfort therein.

The main cash vault to be used is the largest private vault in the northwest. The tellers' compartment is equipped with a battery of eighteen safes and the entire vault lined with one and one-half inches of laminated steel, built up in three layers of alternate Bessemer and chrome steel.

A decidedly unique and new feature of the entrance door to this vault is that it

MAIN VAULT CORRIDOR

is designed to open in two panels instead of one enormously heavy one. Each panel is locked and operated separately and independently of the other, one serving as an emergency entrance to the other, thus avoiding the chance of a possible lockout, without the use of a special emergency door.

This is the first vault of its kind to be erected anywhere, it being an original design of E. A. Strauss of Chicago. The door and vestibule weigh twenty tons. The vaults arrived in Spokane in four carloads, aggregating sixty-two tons.

MAIN CASH VAULT

A rest room for women employees with private entranceway is provided in the basement; janitors' quarters are also located in the basement. All waste paper of the bank will be sacked separately for each day and here stored for a definite period before it is burned.

When the matter of equipment was brought up, the department heads, together with the bank's officers, organized themselves for the purpose of investigating the voluminous amount of data presented for their information and consideration by one of the officers, who spent months in travel and investigation visiting banks recognized for progressiveness and modern methods. He was able to supply the department managers with a mass of pertinent matter concerning general bank equipment.

Meetings were held at stated periods and a thorough discussion entered into with a view of obtaining the best results from the standpoint of utility and convenience.

The acceptable suggestions were then carefully worked out with the architects, D. H. Burnham & Company of Chicago.

Bank's History.

The Old National Bank was one of the pioneer banks established in Spokane. It commenced business in 1889 as a State institution under the name of The Pacific Bank. S. S. Glidden, now deceased, was the organizer and assumed the first presidency. Its first location was on the north side of the river, the southwest corner of Monroe street and College avenue.

On December 22, 1891, the form of organization was changed, the bank entering the national system as The Old National Bank, receiving its charter from the Comptroller of the Currency on that date.

From the trend of business activities at this period of Spokane's history it became evident that a more central location for the bank was needed, and on January 4, 1892, it moved into what is now the home of the Inland Printing Company, corner of Main avenue and Howard street. Here it remained for three years when a lease was taken on the Marble Bank Building, corner Wall street and Riverside avenue, erected by Mr. Cannon the previous year. The deposits of the bank at that time consisted of the modest sum of $176,000, and it is interesting to note that its monthly rental amounted to $125.

With due foresight to the future needs of the bank and appreciating the advantages of owning its own home The Old National purchased the Marble Bank Building in 1897 for $70,000.

During all this time Mr. Glidden continued as president of the bank. Mr. Moritz Thompson was vice-president, Mr. W. M. Byers, since deceased, acted as cashier and Mr. W. D. Vincent assistant cashier. In June, 1895, F. R. Culbertson succeeded to the vice-presidency and Mr. Vincent was elected cashier, the latter serving in that capacity continuously to the present day.

A new epoch in the bank's history was established when in November, 1902, the ownership passed into the hands of the present management, through the purchase of D. W. Twohy and his associates.

The new owners comprised the names of some of the most representative and successful business men of Spokane and the Inland Empire, among them Peter Larson, J. D. Farrell, Twohy Brothers, T. L. Greenough, Louis W. Hill, president of the Great Northern Railway Company, St. Paul; Frederick Weyerhaueser, lumberman, St. Paul; Henry Turrish, Thos. F. Wren, Levi Ankeny and others. It was freely conceded at that time that probably no financial institution in the State and for that matter in the entire Pacific Northwest had an equally strong and desirable list of shareholders. The capital of the bank was $200,000. D. W. Twohy was elected president, Peter Larson vice-president, W. D. Vincent cashier, and W. J. Kommers assistant cashier.

In the spring of 1906 the capital of the bank was increased to $500,000, giving it the largest capital of any bank in the State of Washington at that time.

Those who then identified themselves with the bank were Porter Bros., railroad contractors; J. P. McGoldrick, T. J. Humbird, Spokane; L. E. Shields and A. Guthrie, St. Paul; Caughren & Woldson, Winters, Parsons & Boomer, railroad contractors, and William Codd, Spokane.

Upon the death of Peter Larson in 1907, T. J. Humbird was elected vice-president to fill the vacancy. At the next annual election, in January, 1908, J. A. Yoemans was elected second assistant cashier, and in 1910 Mr. Smithson was promoted from paying teller to fill the newly created position of third assistant cashier.

The progress and growth of the bank continued steadily and consistently, and in April, 1909, the capital was again increased—this time to a million dollars. Notable among those partaking in the new shares were: Jay P. Graves, president of the Inland Empire System; F. A. Blackwell, Fred B. Grinnell, P. Welch, railroad contractor, A. L. White, L. W. Hutton, A. L. Flewelling, W. J. C. Wakefield, John A. Finch and August Paulsen.

Thus it may be truly said that The Old National Bank is a Spokane institution, numbering among its shareholders men whose names have been closely identified in the advancement of the city and the Inland Empire. It is to their concerted efforts in behalf of the bank that its present showing can be attributed. For the past ten years the history of The Old National Bank has been a history of growth, as will be seen by the following comparative statement:

Year	Deposits	Capital
1902	$960,000	$200,000
1904	2,965,000	200,000
1906	5,270,000	500,000
1908	7,344,000	500,000
1910	8,269,000	1,000,000

The officers and full board of directors as at present constituted are as follows: D. W. Twohy, president; T. J. Humbird, vice-president; W. D. Vincent, cashier; W. J. Kommers, first assistant cashier; J. A. Yeomans, second assistant cashier, and W. J. Smithson, third assistant cashier; Levi Ankeny, F. A. Blackwell, J. D. Farrell, T. L. Greenough, Jay P. Graves, P. Welch, John D. Porter, T. J. Humbird, August Paulsen, John Twohy, W. J. C. Wakefield, Thos. F. Wren, Fred B. Grinnell, J. P. McGoldrick, D. W. Twohy and W. D. Vincent.

The bank's policy has been one of strict conservatism, and its operations have been confined to the legitimate branches of modern banking. While it has been quick to adopt any measure for its advancement and usefulness and perhaps set more precedents in the conduct of its business than any other like institution in the west, absolute safety has always been the first consideration with the management. With the completion of the new home The Old National is better than ever prepared to serve the business community, and it may be reasonably expected that the previous record of safe progress will not only be equalled but greatly excelled.

THE AMERICAN NATIONAL BANK OF RICHMOND, VIRGINIA

THE American National Bank of Richmond, Va., was organized in 1899 with a capital of $200,000 and had its banking home at 1009 East Main street, with Oliver J. Sands as its president. From the beginning the bank secured the support of the young, progressive business men of the city, and by its liberal yet conservative banking methods forged ahead until it now ranks among the largest banks of the South, with assets exceeding five millions of dollars.

In 1902 the American National Bank acquired the business of the Security Bank of Richmond which made it necessary to increase its capital to $300,000. In 1904 the capital was increased to $400,000 and since has been increased to $600,000. Its large increase of business forced them to seek more spacious quarters, and the bank purchased the lot at Tenth and Main streets, upon which, in 1903, they erected the most modern bank and office building in Richmond—an eight-story structure equipped with all up-to-date facilities.

This was the first steel office structure erected in the city, and was the beginning of a new era in building construction in Richmond. Many were doubtful of the success of an office building which would have to rent at one dollar or more per square foot. This building has been fully occupied almost since its opening, and there are now several other such buildings in Richmond and in course of erection.

By reason of its large capital and accumulated surplus, the ability of its officers, and the uniform courtesy of its employees, the business of the American National Bank increased rapidly. In October, 1909, the officers purchased the lot adjoining and commenced the erection of the new addition, which is now completed, and which, together with the original building, forms the splendid structure reproduced herewith.

It speaks well for the American National Bank, the youngest of the national banks of Richmond, that it should construct the first fireproof office building in the city. The new home stands at the corner of Tenth and Main streets. Its height is ten stories above Main street, and thirteen stories above the alley in the rear. It represents a type of office building which has been developed in the last few years, and in which effort is made to give to the exterior a straightforward, simple expression of the materials used, omitting to great extent projections of all kinds, and without any attempt to carry architectural ornamentation or embellishment throughout its entire height except the cove and cornice. This scheme gives the impression of several buildings being superimposed one on the other, and suggests that the design could have been stopped at any intermediate story of its height, and be in no way a less incomplete whole. The use of color in the tile of the cove is most pleasing and unusual in this country, although much colored tile was used in the architectural structures of ancient times.

To offset what would perhaps be considered excessive plainness in the main entrance to the building, two arched openings (eight feet wide by twenty and a half feet high) have been surrounded by a rich renaissance door finish of Indiana limestone, richly ornamented with columns, cornices, medallions and carving. To make these entrances still more attractive this stonework has been carried into the vestibule and an elaborate iron grille has been placed in the openings, giving an opportunity for utilizing the name of the building, and the American eagle—indicative of the name of the bank—as ornamental features.

The brick and limestone used for the exterior is of the same color, a light, warm buff, and the effect of the building, with its rich doorways, is very attractive and suggestive of the office building, as distinct from the store or apartment house.

The interior has been carefully arranged to meet the double purpose for which the building was designed. On entering through the main doorways, one comes into the outer vestibule lined with stone, with a window on the west side which lights the elevators.

NEW HOME OF THE AMERICAN NATIONAL BANK OF RICHMOND, VA.

OLIVER J. SANDS
PRESIDENT

To the right and left are the three fast electric elevators and staircase leading to the upper stories. The banking room proper is arranged on simple, but rather unique lines, the offices for the president, cashier, bureau of information, savings department, tellers, lady customers' room and private room for ladies being grouped around a central lobby. To the rear of the bank, and in the mezzanine story is the directors' room, approached from the bank by an ornamental metal staircase. The safe deposit department now forms a part of the main vaults, and a special feature has been made of this by installing booths, where boxes and papers can be handled privately.

OFFICE EQUIPMENT.

Nine of the upper floors are devoted to office purposes, and are reached not only by the elevators and staircase in the front part of the building, but also by a side entrance on Tenth street, leading to the fourth elevator and to a staircase running from the sub-basement to the top story.

LOOKING TOWARDS ENTRANCE

LOOKING FROM THE ENTRANCE

The side entrance and elevator are primarily arranged for the convenience of the moving of tenants in and out, and delivery of express and other heavy packages.

On each floor there are twenty-seven offices, so arranged that they can be used as single offices or in suites. All are well lighted and connected with the corridor, which extends on each floor the entire length in the center of the building, and connects the front elevators and the rear elevator and stairs. Each floor is liberally supplied with toilet rooms, and a special resting room for women who are employed in the building, and each office has its own hand basin and water. A refrigerating machine located in the basement supplies ice water to each floor. The basement also contains a vacuum cleaning plant.

New Ideas In Bank Equipment.

There are many ideas in the equipment of the American National Bank of Richmond never before seen in this section, such as a public drinking fountain combined with a telephone exchange connecting all the departments of the bank, and a bureau of information with large marble settees on either side from which a modern ventilating system has been installed, whereby the pure fresh air supplied to the entire banking room is cooled and filtered for the summer months and heated and filtered for the winter.

Charles E. Wingo

VICE-PRESIDENT

WM. C. CAMP
VICE-PRESIDENT

O. BAYLOR HILL
CASHIER

WALLER HOLLADAY
ASSISTANT CASHIER

D. W. DURRETT
ASSISTANT CASHIER

ENTRANCE TO THE WOMEN'S DEPARTMENT

Ample provision has been made for customers' desks in the public lobby, the two large columns being equipped in such a manner with hexagon shaped desks of solid marble and arranged in such a way that each depositor may occupy a portion of the desk in absolute privacy when other customers are at the adjoining desk. Each is equipped with solid bronze check and deposit slip holders and each has a separate solid bronze calendar case, which is changed daily.

Provision has been especially made for the ladies where business can be transacted without being thrown in contact with the daily rush and there has also been fitted a ladies' retiring room in which a large French plate mirror has been installed and a private telephone for their use alone.

All of the departments have been arranged in such a manner as to facilitate the work of the bank and in the most complete manner for the convenience of its patrons; especially may this be said of the officers' quarters, which are enclosed by a solid marble low rail, in which is worked a solid bronze gate with a monogram of the bank in the center; this gate is fitted with a new style of spring that does not strike back as the old style gates invariably do. The interior of all the officers' spaces is fitted in marble, which was quarried in Italy and Greece and the panels are of French plate glass with embossed lines.

TELLERS' ACCOMMODATIONS.

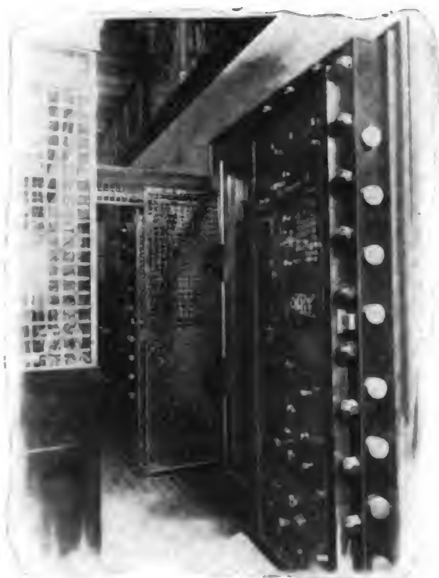
In the arrangement of accommodations for the tellers it was found necessary to design the equipment so that two receiving tellers and two paying tellers could be used at the same time, each being allotted a separate booth with all modern conveniences, some of which have never before been seen in this section, such as the telautograph, which is arranged in a revolving cage and enables the teller to send messages to any portion of the bank in his own handwriting, and which transmits the reply in the handwriting of the sender without his having to leave his booth. This is truly a wonderful invention and is the first to be installed in the South. An intercommunicating telephone has also been arranged in a revolving cage for their convenience, and each booth is equipped with series baskets through which papers can be passed.

The savings department is so arranged that special attention can be given to ladies and children. The discount clerk is placed so as to be in close touch with the public and still in close touch with each of the officers and this can also be said of the exchange and note teller, pass book clerk and individual bookkeepers, all of whom have been provided with solid bronze windows directly in touch with the public.

Special attention has been given to those owning lock-boxes in the safe deposit vault, the entrance from the public space being through a very massive solid bronze door. For the customers' convenience private coupon rooms have been installed.

ENTRANCE TO PRESIDENT'S OFFICE

BOARD OF DIRECTORS IN SESSION



VAULTS IN REAR OF TELLERS' CAGES

The lighting scheme is what is known as the defusion system, solid bronze reflectors having been placed in such a manner that the light when thrown by the mirrors through a frosted glass compartment will light up all portions of the working space needed by the employees and will at the same time entirely eliminate the glare, which the old style lights always show. Each of the windows through which the customer transacts his business is equipped with a signal light numbered in such a manner that should the information bureau direct the customer it can be easily located.

The floor in the public lobby is of Italian marble with Grange antique marble border and presents a very attractive appearance. The backing up of all the marble work is done in Mexican mahogany which is solid and finished in the most beautiful shade. All of the counter work and desks are of solid Mexican mahogany to match.

Old ivory and gold are the tints used to ornament ceilings and walls. It has been applied with good taste and the effect is very pleasing.

The officers and directors of the American National Bank are among the most successful and progressive business men in this community, and have by their individual and collective efforts made this bank one of the largest banking institutions of the South. They are: President, Oliver J. Sands; vice-presidents, Charles E. Wingo and William C. Camp; cashier, O. Baylor Hill; assistant cashiers, Waller Holladay and D. W. Durrett.

The directors are: William C. Camp, M. C. Patterson, Oliver J. Sands, Emmett Seaton, Charles E. Wingo, Henry W. Roundtree, James R. Gordon, Edgar G. Gunn, R. H. Harwood, Charles E. Whitlock, J. B. Mosby, L. H. Jenkins and A. St. Clair Butler.

During the eleven years of the progress of this bank, from its organization under the same management, its deposits have grown to four million dollars. Its last statement (Jan. 7, 1911) reads as follows:

Resources.	
Loans and discounts	$3,169,048.26
Bonds with U. S. Treasurer	375,000.00
Other bonds, etc.	306,809.97
Banking house	264,331.52
Cash, due from banks and U. S. Treasurer	1,249,748.61
	$5,364,938.36

Liabilities.	
Capital	$600,000.00
Surplus and profits	362,375.60
Circulation	275,000.00
Bond account	59,000.00
Deposits	4,068,562.76
	$5,364,938.36

The employees of the American National Bank are young men who have been trained in the banking business. The president and cashier have each had more than twenty-five years' experience in the banking business and are particularly fitted for their positions of trust.

The directors of the American National Bank are men who keep in constant touch with the affairs of this bank and are at all times able and willing to assist in anything tending toward the welfare of Richmond and its business interests.

ELEVATOR CORRIDOR

THE FIRST NATIONAL BANK OF WEBSTER CITY, IOWA

RECENTLY BUILT AND OCCUPIED BY THE FIRST NATIONAL BANK OF WEBSTER CITY, IOWA.

IT quite often happens that banks in the furnishing and equipping of their homes will make the serious blunder of crowding too much furniture into a given area of floor space, disregarding entirely the necessity for providing for future growth of business. Where there is a large building appropriation and the plans are to erect a commodious building, then this problem of proportioning off the various departments gives little or no trouble; but where the ground space is limited and it is the intention to erect a modern building, the architect will find his ingenuity taxed to find a solution for this difficulty.

We reproduce on the following page a diagram of the scheme followed out by the First National Bank of Webster City, Iowa, which less than a year ago erected a modern two-story marble bank and office building. The floor plan as shown, evidences an economical arrangement of the various departments and the other illustrations given here are intended to convey some idea of the equipment.

Great double doors of mahogany give entrance into a small lobby which in turn opens into the banking room proper. To the right on entering, the customer first comes in contact with the bank's officers; then passing on down the corridor he arrives at the exchange, paying and receiving tellers' windows, and the department of savings.

In the rear of the long room is located the safety deposit department. Here there

OFFICERS' QUARTERS

are a number of private coupon booths, and adjoining, the bank has provided a specially equipped room for ladies and also furnished a room for the use of men.

Throughout the bank every piece of furniture and every bit of woodwork is of solid mahogany. The wainscoting is all white Italian marble and reaches to a height of six feet; this is surmounted by a rail of mahogany. The base of the main counter and top is built of Verde antique marble and each employee's ledge is fitted with a large panel of imported black Belgian marble to minimize the wear caused by passing silver back and forth.

The directors' consultation room is situated in the southeast corner of the building. Next comes the president's office, which is very tastefully furnished. In ad-

PUBLIC CORRIDOR

DIRECTORS' ROOM

dition to the vaults on the first floor there are two large ones in the basement which afford ample room for the needs of the bank.

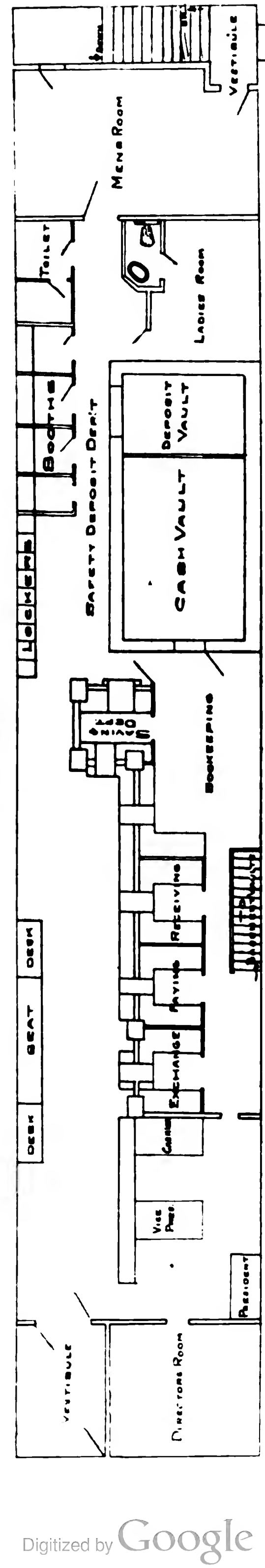
The second story of the building is devoted to offices, there being ten well lighted rooms fitted out with the best of furniture. Where the stairway ends at the second floor large asbestos fire doors are so hung that in an emergency they swing shut automatically, thus affording complete protection.

The First National Bank is one of the solid institutions of Webster City, Iowa, and has been engaged in business for forty years. It is capitalized for $100,000, has a surplus of $70,000 and deposits of $550,000. During its life it has had but three presidents, K. Young, L. L. Estes, and the present one, W. J. Covil. The present officers of the institution are as follows:

W. J. Covil, president; E. F. King, vice-president; Warren C. Pyle, cashier; Earl Mason and Harry O. Cutler, assistant cashiers.

COUPON BOOTHS IN SAFE DEPOSIT DEPARTMENT—MEN'S ROOM IN REAR

FLOOR PLAN OF FIRST NATIONAL BANK WEBSTER CITY IOWA



THE NATIONAL NASSAU BANK OF NEW YORK

OLD AND WELL-KNOWN STATE BANK ENTERS THE NATIONAL SYSTEM

Portraits by Oliver Lippincott, N. Y.

EDWARD EARL

PRESIDENT THE NATIONAL NASSAU BANK OF NEW YORK

ANOTHER forward step has just been taken in the progressive policy which is making the Nassau Bank of New York, under the management of President Edward Earl, one of the most successful banking institutions of the country. Reference is made to the decision reached by the board of directors to change the organization from a State to a national bank. The new title will be "The National Nassau Bank of New York."

Although the State banking system of New York is an excellent one, and as is well-known, has furnished a model for the National Banking Act and for the banking laws of a number of the States, a bank operating under its provisions is somewhat restricted in its operations. It can not, for example, issue circulating notes, nor can it hold the reserve accounts of other national banks, nor serve as a United States depository. Besides, excellent as any State

system of banking may be, there is undoubtedly a certain amount of prestige attaching to a charter emanating from the Federal Government.

These and other considerations have been sufficient to make it clear to the directors

J. Christy Bell
VICE-PRESIDENT

of this old and well-known State bank that a change to the national banking system would greatly enlarge its sphere of usefulness.

The Nassau Bank has always maintained the soundest traditions of New York banking. Its existence began in 1852—before the Clearing-House Association was formed —and this bank is one of the few original members of the association now surviving.

As an issuer of State bank notes, it always paid gold on demand for its notes, and in the panic of 1857 was one of the six banks in New York that kept open. In 1907 it not only met all demands made by its own depositors, but lent $1,500,000 to the Clearing-House Association to help other banks.

Having weathered all the panics since 1857, and established a reputation for soundness second to no bank in New York, the Nassau Bank had laid a most substantial foundation for the wisely progressive policy that has characterized the management of the bank since the accession of Mr. Edward Earl to the presidency in 1908. Without departing in the slightest from the most exacting requirements of conservative management, the bank since that time has increased its deposits from $6,000,000 to over $10,000,000, each successive weekly statement published in the clearing-house sheet showing a substantial gain. It seems a safe prediction that the National Nassau Bank will steadily advance to a position where it will rank among the largest and strongest banks in the United States.

Although Mr. Earl is not yet much beyond forty, he has been with the bank nearly a quarter of a century, having entered its services as an assistant bookkeeper in 1887. He became assistant cashier in 1898, cashier in 1907, and president in 1908. Added to his banking experience, he has a personality that wins respect for the bank—quick and firm decision united to unfailing courtesy. It dominates the new institution as it did the old. As president, Mr. Earl is never too occupied with the big things of his institution to give the most careful attention to the minor details of depart-

John Munro
VICE-PRESIDENT

mental operation. His fellow officers, however, have individual departments to supervise and are made directly responsible for their efficiency. Another reason for the growth of the bank under Mr. Earl's management lies in the faith he shows in men--

W. B. Noble
CASHIER

H. P. Sturr
ASSISTANT CASHIER

N. D. Alling
ASSISTANT CASHIER

R. M. Bailey
ASSISTANT CASHIER

provided they are men of the right sort. He sees that the young man of to-day, with energy and ability, may be the successful captain of industry of the future. It is his ambition to see the bank grow, but its growth must be sound and healthful.

The respect in which Mr. Earl is held by the bankers of New York was recently emphasized by his election as secretary of the Clearing-House Association.

The Nassau Bank has been always a purely commercial bank.

Thomas L. McElrath was the first president of the Nassau Bank, and served efficiently until 1857. Mr. McElrath was a partner of Horace Greeley, and the principal owner of the New York Tribune.

In 1857 Hamilton Blydenburgh was elected president, and continued in office until 1869. Mr. Blydenburgh was well-known in the produce business as a successful merchant and an untiring worker.

Francis M. Harris, the third president, was elected to office in 1869. Mr. Harris possessed a rare knowledge of banking, and had served the bank efficiently in the capacity of paying teller, assistant cashier and cashier since 1854. His death, in 1898, was regretted by all who knew him.

Frank H. Richardson was elected president in 1898, and served in that capacity until the year 1907. As a man of broad experience, sound judgment and natural ability, he made an able executive.

W. H. Rogers, whom Mr. Earl succeeded as president, served only one year—from 1907 to 1908.

Besides President Earl, the directors of the bank include J. Christy Bell, the vice-president and capitalist; John Munro, of the well-known publishing house of George Munro's Sons; Henry C Miller, merchant; Harry Bronner, of the banking firm of Hallgarten & Company; Samuel R. Weed, of Weed & Kennedy, and Hon. Richard Young, Member of Congress. These gentlemen constitute a board of directors of excellent standing, always watchful of the interests of the bank. Mr. Bell and Mr. Monro are particularly well fitted by reason of their many years of service in banking and in the old Nassau Bank, to coöperate and assist in building up the new institution. Both are well-known to the banking fraternity, especially to New York bankers.

The history and traditions of the Nassau Bank place it among the most carefully conducted banks of New York. Strength and safety have been its watchwords in the past as they will be in the future. Keeping in mind the fundamental principles of sound banking, its entrance into the national banking system will afford it an enlarged field of usefulness to the community.

BANKING AND FINANCIAL NOTES

NEW PRESIDENT CORN EXCHANGE BANK OF NEW YORK.

Walter Edwin Frew, who but recently succeeded Thomas Nash as president of the Corn Exchange Bank of New York, has been engaged in the banking business all his life, rising steadily from one position of trust to another. He was born and educated in Brooklyn and accepted his first position in 1879, when he was only fifteen years of age, entering the employ of Shepherd, Knapp & Co., stock brokers, then located at 8 Broad street, New York City. He remained with this firm for six years. In 1885 he was employed by the Eleventh Ward Bank in a clerical capacity. In 1889 he was appointed cashier of the Queens County Bank, of Long Island City. He performed the duties of this office faithfully and well for six years, and in 1895 his services received recognition when he was elected president of the institution. He held the latter office for four years. Mr. Frew formed many pleasant associations, both business and otherwise, during the ten years he spent in Long Island City, and is

highly regarded by all those with whom he came in contact.

He was made vice-president of the Corn Exchange Bank of New York City in 1899,

WALTER E. FREW

PRESIDENT CORN EXCHANGE BANK OF NEW YORK

which position he has held up to the present time.

Mr. Frew is also a director of the Corn Exchange Bank; secretary, treasurer and a director of the Queens County Safe Deposit Company; director of the Bankers' Trust Company; trustee of the Dry Dock Savings Bank, and a director of the United Button Company.

Mr. Frew has played a prominent part in the affairs of the New York Clearing House Association. From 1904 to 1906 he was secretary of the association, and during the panic of 1907 was a member of the loan committee.

He was at one time secretary of the New York State Bankers' Association, and was also chairman of Group No. 7 (Long Island), of the same association.

The Corn Exchange Bank in 1854 reported deposits of $581,000; on the first day of January, 1911, the total volume of deposits in round numbers exceeded $50,000,000. Without intermission the bank has paid regular dividends from 1854 to date, a total of 118, amounting to more than $8,000,000.

WINDSOR TRUST COMPANY OF NEW YORK HAS NEW VICE-PRESIDENT.

Edward T. Perine, who has been made vice-president of the Windsor Trust Company of New York, has had a varied career as a banker. He mastered the intricacies of accounting when a young man and was an officer in the Third National Bank of Jersey City until 1893. In that year he became cashier of the U. S. Mortgage and Trust Company of New York, serving in

this capacity and that of treasurer until 1904. Mr. Perine then became the chief operating officer of the Audit Company of New York and recently has been Deputy

EDWARD T. PERINE

VICE-PRESIDENT WINDSOR TRUST COMPANY OF NEW YORK

Comptroller of the State of New York. He has acted as receiver and assignee in connection with important Wall Street failures; he is an expert and authority on accounts and audits and has made many friends by his speeches at bankers' conventions.

PRESIDENT OF MONROE NATIONAL BANK OF CHICAGO GIVES DINNER TO EMPLOYEES.

A unique dinner, in which almost every article used in a bank found a place on the table and in which every officer and member of the office force of one institution was a guest and speaker, was given on the evening of January 26 by President Edwin F. Brown of the Monroe National Bank of Chicago.

The menu bore on the fly leaves every official stamp of the institution, from "Please Do Not Put Through Again" to "No Protest." The crackers were wrapped in coin papers, the bread was tied with currency strings, green blotting paper was used for doilies, the cigars were placed in pay envelopes, and grape juice was served from red ink bottles.

In the centre of the table small savings banks and flowers were massed and from each plate to the central grouping of flowers and banks long strips of adding machine paper were extended. The entire force of the bank, from the youngest messenger to the oldest officer, was present. Everyone made a speech.

Most interesting of the speeches, according to the host, was that of one of the youngest boys in the bank. The boy's words were laconic:

"Six months ago I came to the bank as a messenger boy and now I am a currency clerk. I guess that's going some."

The dinner will be an annual affair, according to President Brown. It is designed to increase the friendly relations existing between all those connected with the institution.

The Monroe National has surplus and undivided profits of $65,715 and deposits of $1,521,815.

FORT DEARBORN NATIONAL OF CHICAGO TO ORGANIZE A TRUST COMPANY.

Officers of the Fort Dearborn National Bank of Chicago state that a trust company will be organized to be operated in connection with the national bank, soon after its removal to the American Trust Building, April 1. Some years ago the Fort Dearborn took out a State charter for the Fort Dearborn Trust and Savings Bank.

The charter was taken at that time to protect the name, it being the idea also that the time would come when the bank might want to operate a trust and savings department. The Fort Dearborn, like all other national banks that do not have savings departments, frequently sends savings depositors to other institutions and not infrequently has to turn aside trust business.

The Fort Dearborn increased its capital $500,000 last July to a total of $1,500,000. Its deposits have expanded considerably in the last year and are now around $17,000,000.

SAN FRANCISCO TRUST COMPANIES CONSOLIDATE.

Plans to consolidate the Central Trust Company of San Francisco with the Anglo-California Trust Company of that city were ratified by the stockholders of the Central on January 17. The Central Trust has a paid-in capital of $1,000,000 and deposits of over $6,000,000. The Anglo-California Trust, which will be continued as the name of the consolidated institution, was organized in 1909 with an authorized capital of $1,500,000; the paid-in amount is understood to be $400,000. The Central Trust is affiliated with the Swiss-American Bank and this association will be retained by the consolidated company. Herbert Fleishacker will remain in the presidency of the Anglo-California Trust. He is also vice-president of the Anglo & London Paris National Bank.

NATIONAL PARK BANK OF NEW YORK ABSORBS WELLS FARGO BANK.

The business of the Wells Fargo & Company's Bank, at 51 Broadway, was taken over on February 6 by the National Park Bank, following the determination of the company to abandon banking operations in New York City. The Wells Fargo Bank was established in New York in 1852. It had a capital of $100,000, 920 of its shares being owned by the Express Company. Its deposits amounted to about $2,500,000. With the acquisition of its business by the National Park Bank, the Wells Fargo & Company's Bank is to be placed in liquidation. Richard Delafield, president of the National Park, is a director of the Express Company. The action of the latter in disposing of its banking connections here is, it is announced, in furtherance of its policy, instituted in the West during the past decade, of retiring from control of financial interests. It still, however, retains a considerable interest in the Wells Fargo-Nevada National Bank of San Francisco, owning $2,000,000 of the $6,000,000 capital of the institution.

ANNUAL CONVENTION AND BANQUET OFFICERS AND EMPLOYEES H. M. BYLLESBY & CO.

The second annual convention of the officers and employees of H. M. Byllesby & Co., engineers and managers of public utility plants, was held in Chicago, at the Auditorium Hotel, on January 17, 18, 19 and 20.

ANNUAL BANQUET OF THE OFFICERS AND EMPLOYEES OF H. M. BYLLESBY & COMPANY, GIVEN IN THE GOLD ROOM OF THE CONGRESS HOTEL, CHICAGO

Two hundred and fifty delegates, representing forty cities in twelve western and southern States, were in attendance. Reproduced herewith is a very good view of the banquet guests who assembled in the Gold Room of the Auditorium Annex on the last night of the convention. R. J. Graf, secretary of H. M. Byllesby & Co., supervised this pleasing function. Covers were laid for 290. The decorations were of a patriotic character. Flags and bunting, embellished with banners bearing on them the seals of the various States of the Union, hung everywhere. The twelve States in which the Byllesby Company operates were shown most conspicuously.

Those who delivered addresses were: Mr. Byllesby; Samuel Insull, president of the Commonwealth Edison Company, Chicago; Frank H. Jones, vice-president Continental and Commercial Trust and Savings Bank, Chicago; Rev. Dr. Herman Page, St. Paul's Protestant Episcopal Church, Chicago; S. E. Kiser of the *Chicago Record-Herald,* and

J. R. McKee of the General Electric Company, New York. It is the conviction of Mr. Byllesby and the officers of the company that this annual convention and banquet are of the greatest benefit in promoting efficiency of the entire organization and making each and every member better qualified to carry on the important semi-public work in which they are engaged.

NEW OFFICERS FOR THE MERCHANTS AND MANUFACTURERS' BANK OF MILWAUKEE.

At the annual meeting of the stockholders of the Merchants' and Manufacturers' Bank of Milwaukee, on January 28, W. F. Myers was elected second vice-president and manager of the institution, and E. C. Knoernschild, heretofore assistant cashier of the bank, was elected cashier. Mr. Myers was formerly first vice-president of the Capital National Bank of St. Paul.

NEW DIRECTORS FOR BANKERS TRUST COMPANY OF NEW YORK.

Joseph B. Martindale, president of the Chemical National Bank of New York; E. Hayward Ferry, vice-president of the Hanover National Bank, and Thomas De Witt Cuyler, president of the Commercial Trust Company of Philadelphia, have been added to the directorate of the Bankers Trust Company of New York.

NEW PLAN ADOPTED BY CHICAGO CLEARING-HOUSE.

At the adjourned annual meeting of the Chicago Clearing-House held January 24, the clearing-house certificate proposition was adopted. The plan involves the rental of a depository for the storage of gold and currency to be deposited by the member banks, and against which clearing-house certificates will be issued. These certificates will be payable only to member banks, and will be used only in the settlement of clearing-house balances. The plan will be more convenient than the present one, in that it will save the daily transportation of large amounts of gold and currency through the streets from the banks to the clearing-house. Nothing more than inconvenience would be caused by the loss of the clearing-house certificates, for they are payable only to the clearing-house banks.

It is understood that the depository for the clearing-house gold and currency will be in the Central Trust Building, where special vaults and safes will be installed.

MEETING OF TACOMA CLEARING-HOUSE ASSOCIATION.

At a meeting of the Tacoma Clearing-House Association held Tuesday, January 17, in the association rooms in the National Bank of Commerce Building, the following officers were elected for the ensuing year:

President, George B. Burke, manager of the Bankers' Trust Company; vice-president, C. A. Brower, vice-president of the Puget Sound Savings Bank; secretary, Stephen Appleby, cashier of the Pacific National Bank.

The following clearing-house committees

were named: A. F. Albertson, vice-president of the National Bank of Commerce; S. M. Jackson, manager of the Bank of California, N. A.; A. G. Pritchard, cashier of the Fidelity Trust Company.

Stephen Appleby and A. G. Pritchard were named on the entertainment committee.

R. R. Mattison, paying teller at the Pacific National Bank, was re-appointed manager of the clearing-house.

NEW MANAGER NEW YORK BRANCH THE NATIONAL BANK OF CUBA.

J. T. Monahan is now manager of the New York branch of the National Bank of Cuba. He succeeds H. C. Niese, who has retired to engage in the bond business as H. C. Niese & Company. Mr. Monahan, who speaks Spanish fluently, is young, ambitious and thoroughly familiar with business conditions in this country and in Cuba. Before going to Cuba in 1899 he had served six years in Wall Street, acquainting himself with the banking business. From the office of counsel to the American Military Government, set up in the Island after the Spanish-American War, Mr. Monahan went with the private banking firm of Zaldo & Company. Six years ago he entered the National Bank of Cuba and for the past four years has been in charge of the Monte street branch in Havana.

According to a report rendered December 31, 1910, the National Bank of Cuba is in a flourishing condition.

The total assets amounting to over $33,000,000 increased during the year over $6,500,000, or an increase of more than twenty-four per cent. Deposits increased during the year over $6,800,000, or more than forty-three per cent. The number of individual deposits accounts is 27,316, or a net increase of over twenty-six per cent., or an average net increase of eighteen accounts per business day of the year. The surplus increased over eleven per cent.

J. T. MONAHAN
MANAGER NEW YORK OFFICE THE NATIONAL BANK OF CUBA

CLEVELAND BANKS TO HIRE AN EXPERT CLEARING-HOUSE EXAMINER.

National banks of Cleveland, following the custom of Chicago, St. Louis and Philadelphia, will soon appoint a clearing-house examiner. As a result, all national banks and all other banks in the city will voluntarily throw open their books to the surveillance of this examiner and his expert accountants, at such times as he or the Cleveland Clearing-House managers shall see fit. The measure is designed to keep all Cleveland banks in touch with one cen-

tral body, for the benefit of the banks and of the people of Cleveland.

While only the seven national banks in Cleveland are members of the clearing-house, all of the other Cleveland institutions clear through the clearing-house, so that the work of the examiner and his aids will be city-wide in scope.

Under the new plan the examiner to be regularly employed by the clearing house will drop in at any time on any bank, and will be given free hand through its books and papers. The examiner will report to the clearing house, and the system will make possible the immediate exposing of false rumors, and will curb any irregularity. The clearing-house examiner, so far as now determined, will not coöperate directly with either the Federal or State examiners.

The officers of the Cleveland Clearing-House Association are E. R. Fancher, president; F. W. Wardwell, vice-president; E. R. Date treasurer; C. E. Collins, secretary and manager. The clearing-house committee consists of T. H. Wilson, chairman; J. J. Sullivan, L. A. Murfey, G. S. Russell and T. W. Hill.

MERCHANTS SAVINGS & TRUST COMPANY OF PORTLAND, OREGON, REORGANIZED.

Complete reorganization of the executive staff of the Merchants' Savings & Trust Company was made Feb. 1 at a meeting of the new stockholders who also made a number of changes in the directorate. The new organization entirely divorces this bank from any relationship with the Merchants' National and it will be operated hereafter as an entirely independent institution.

The Merchants' Savings & Trust was organized by the directors and officials of the Merchants' National—J. Frank Watson was president and R. L. Durham was vice-president of both banks. With the new regime, Mr. Watson, who has recently retired from the head of the parent bank, severs his connection with the Merchants' Savings & Trust and Mr. Durham retires from the vice-presidency and the board.

PHOTO BY OLIVER LIPPINCOTT, N. Y.

W. H. FEAR

PRESIDENT MERCHANTS SAVINGS & TRUST COMPANY OF PORTLAND, OREGON

W. H. Fear, who has been secretary for years, becomes the new president; Willard Case, a wealthy lumberman, is the new vice-president; O. C. Bortzmeyer remains as cashier; E. M. Hulden and R. N. Tufford retain their positions as assistant cashier and realty manager, respectively. The number of directors will be increased from five to nine at the next regular meeting in April. Cashier Bortzmeyer gave out the following statement in reference to the reorganization:

"Under the new organization the company will have every facility for the care of its business, and it is the purpose of the management to pursue a vigorous but conservative policy in the expansion of every department of its service. With its most central location, its complete equipment, its wide scope of service, its conservative management and its absolute independence as a company, a rapid growth may be looked to with every confidence of realization."

DALLAS BANKS MERGE.

Negotiations have been concluded whereby the First State Bank and the Traders State Bank of Dallas, Texas, have been consolidated, the name of the first being retained, with George W. Riddle as president. The consolidated bank will operate under the guarantee deposit law. The capital stock will remain at $100,000, with combined deposits of more than $1,000,000, and will also have more than four thousand accounts.

ELECTIONS AT GUARDIAN TRUST COMPANY OF NEW YORK.

Robert C. Lewis, formerly vice-president, has been elected president of the Guardian Trust Company of New York, Edward F. Clark has been chosen as first vice-president, and Lathrop C. Haynes as vice-president and secretary. Messrs. Clark and Haynes have been elected to the board of directors to fill vacancies. There are now twenty members of the board. The office of president has been vacant since the retirement of F. W. Woolworth, in June, 1909.

Mr. Lewis is a banker in the truest sense of the word and he will endeavor to build up his institution so that it may handle only business of a purely banking and trust nature. The Guardian Trust Company recently reported surplus and undivided profits of $537,235 and deposits of $3,644,-399.

UNUSUAL REPORT BY FIDELITY AND CASUALTY COMPANY OF NEW YORK.

On December 31, 1910, the Fidelity and Casualty Company of New York rendered its thirty-fifth annual statement in which

the following important items appear: Total assets, $9,859,430; surplus to policy holders, $2,945,695; reserve for unearned premiums, $4,230,357. The company has paid to date, Dec. 31, 1910, total losses of $34,414,003.35. The January issue of their monthly bulletin contains an appropriate tribute to the late president, Geo. F. Seward, portraits taken of him when a young man, views of his summer home and contributed articles on his life. Hedley R. Woodward, hitherto superintendent of the personal accident department, has been recently named by the directors as vice-president.

CLEVELAND TRUST COMPANY PROMOTIONS.

The board of directors of the Cleveland Trust Company, the second largest institution of its kind in Cleveland, has promoted A. G. Tame and A. R. Horr from their respective posts of treasurer and secretary to that of vice-presidents. The resignation of Myron H. Wilson as vice-president was accepted, Mr. Wilson retiring to accept the presidency and general management of the Clinton Point Stone Company, in New York. E. B. Greene, former assistant secretary and treasurer, was promoted to secretary, and H. D. King from assistant treasurer to treasurer. A. L. Asmuss and E. L. Mason were appointed assistant treasurers. Messrs. Tame, Horr and Greene are all young men who have made marvelous progress during their banking careers.

WASHINGTON NATIONAL OF WASHINGTON ABSORBED.

Announcement was made last week of the absorption of the Washington National by the Title Guaranty and American Trust companies. The American Trust Company, as banking department for the Title Guaranty Trust Company, took over the assets of the Washington National, of which City Treasurer Leon W. Quick was president, and assumed its liabilities.

J. C. Van Riper, president of the Title Guaranty and American Trust, said his company purchased the stock of the bank in consideration of $140 cash and one share of Title Guaranty stock for two shares of Washington stock. He announced that Samuel Niccolls, cashier of the bank, would be made vice-president of the American Trust Company and that five of the directors of the Washington National would be elected to the directorate of the Title Guaranty and American Trust companies.

CURRENCY ASSOCIATION FOR DALLAS.

A national currency association, under the provisions of the Aldrich-Vreeland law, has been formed in Dallas, Tex. The association, it is said, comprises in its make-up national banks in the counties of Dallas, Ellis, Kaufman and Collins. The officers are: President, Royal A. Ferris, president of the American Exchange National Bank of Dallas; vice-president, O. E. Dunlay, president of the Citizens' National Bank of Waxahachie; secretary, John W. Wright, president of the Commonwealth National Bank of Dallas, and treasurer, J. B. Adoue, president of the National Bank of Commerce of Dallas.

H. C. NIESE & COMPANY, 25 BROAD STREET, NEW YORK CITY.

Henry C. Niese, until recently New York manager of the National Bank of Cuba, has formed a co-partnership under the firm name of H. C. Niece & Co., with

HENRY C. NIESE

FORMER MANAGER NEW YORK CITY BRANCH NATIONAL BANK OF CUBA WHO HAS ORGANIZED THE BANKING FIRM OF H. C. NIESE & CO.

LOOKING THROUGH THE EXECUTIVE OFFICES OF H. C. NIESE & CO., 25 BROAD STREET, NEW YORK CITY

A GLIMPSE OF H. C. NIESE'S OFFICE AT 25 BROAD STREET, NEW YORK CITY

SAMUEL M. JARVIS

VICE-PRESIDENT NATIONAL BANK OF CUBA. SPECIAL PARTNER H. C. NIESE & CO., 25 BROAD STREET, NEW YORK

offices in the Broad Exchange Building, 25 Broad street, New York, where the firm will transact a general business in stocks and bonds, with a department especially devoted to South American securities of exceptional merit. Samuel M. Jarvis, vice-president of the National Bank of Cuba, has been taken in as a special partner.

The rapid strides made by Central and

ANOTHER VIEW IN THE NEW YORK OFFICE OF H. C. NIESE & CO.

South American countries since the United States acquired the Canal Zone and the approach to completion of the Panama Canal, has called the particular attention of American investors to this exceedingly rich territory. A careful investigation brings the somewhat astonishing information that English and German syndicates have been quietly absorbing the investments in these wealthy lands, the return in many instances being enormous.

No one, perhaps, is better qualified to speak on the investment situation in our sister republics than Henry C. Niese, formerly on the staff of G. Amsinck & Company, in the Venezuelan department, who was induced to leave that firm and associate himself with the National Bank of Cuba, upon being convinced that his field of opportunity would be largely augmented.

To thoroughly familiarize himself with Cuban financial questions, Mr. Niese sailed for Havana and entered the main office of the National Bank of Cuba and worked for two years as assistant cashier, during which time he visited the branches of the bank throughout the island and became personally acquainted with the bank's clients and with the general conditions of the country.

Three years ago, Mr. Niese returned to New York and opened the agency for the Bank of Cuba, and since that time over $60,000,000 has passed through his hands. So great is the bank's confidence in him that he has never been required to give a bond, and his executive ability has been amply demonstrated by the volume of business now passing through the New York agency of this bank.

NEW PRESIDENT FOR FIRST NATIONAL BANK OF DAVENPORT, IOWA.

After a service of six years in the House of Representatives from the Second district of Iowa, Representative Albert F. Dawson retires voluntarily from Congress on March 4, to accept the presidency of the First National Bank of Davenport and devote his undivided time and attention to the banking business.

Mr. Dawson is a splendid type of the American self-made young man. He was born in a country village in Iowa thirty-eight years ago, orphaned when a baby by the death of his mother, reared by his grandparents who were poor, and worked his way through school and college. When his schooling was completed he started in the newspaper business, from which he came to Washington as private secretary to a Member of Congress. In 1904 he was unanimously nominated for Congress by the Republicans of his district, and after one of the most strenuous and memorable campaigns in the history of Iowa, was elected at the age of thirty-two, over the sitting member, a Democrat. He was twice re-

nominated unanimously and twice re-elected, each time by increased majorities. More than a year ago he announced that he would not consider a renomination, although he was strongly urged to do so.

Mr. Dawson has a wide knowledge of finance and the larger fiscal operations of the Government. For six years he was

ALBERT F. DAWSON

WHO RETIRED FROM CONGRESS ON MARCH 4 TO ACCEPT THE PRESIDENCY OF THE FIRST NATIONAL BANK OF DAVENPORT, IOWA

confidential secretary of the late Senator W. B. Allison, of Iowa, when Senator Allison was chairman of the Committee on Appropriations and the most influential member of the Committee on Finance. Under the guidance of this wise old statesman, Mr. Dawson made a thorough study of the problems of banking, currency and finance.

Mr. Dawson's service in the House has been along the lines of his earlier experience in the Senate. During the entire six years he has served on the committee which passes on the naval budget of upwards of one hundred and twenty million dollars annually, and in the present Congress he was assigned also to the Committee on Appropriations, which in reality is Uncle Sam's board of directors for the apportionment of the billion dollars which is annually appropriated to run the business of the Government.

He is a cogent and forceful public speaker, and has on numerous occasions addressed bankers' gatherings in Iowa and the Middle West.

The First National of Davenport, Iowa, enjoys the distinction of being the first national bank in operation in the United States, and under the progressive management of its new president it is likely to achieve additional distinction as time goes on.

BANK DECLARES DIVIDEND OF ONE HUNDRED PER CENT.

The Golden Valley State Bank of Beach, N. D., had net earnings in 1910 of 184 per cent., and a dividend of one hundred per cent. has just been declared by the directors, who also increased the capitalization from $10,000 to $25,000. The increase of

capital and dividend was declared from the undivided profits. After charging off $5,100 for banking house, furniture and fixtures, $1,000 was placed in the surplus fund, still leaving $2,000 in the undivided profits account.

NEW VICE-PRESIDENT THIRD NATIONAL BANK OF BUFFALO.

Willard F. Hopkins, who has up to the present time been associated with the Peninsular Savings Bank of Detroit as cashier, succeeds W. Emerson Barger as vice-president of the Third National Bank of Buffalo. Mr. Hopkins has made quite a reputation in his native State and has been active there in association work. He was with the City National Bank of Lansing, Mich., from 1898 to 1907, the last four years of that period as cashier. From there he went to Munising, Mich., and accepted the vice-presidency and management of the First National Bank of Munising. In 1908 he organized the Guinn State Savings Bank. As an officer of the Third National Bank of Buffalo, Mr. Hopkins will move in a field where the opportunities for advancement are numerous.

W. F. Hopkins

VICE-PRESIDENT THIRD NATIONAL BANK OF BUFFALO

GENERAL NEWS NOTES

Personal and Otherwise.

—The South Carolina Bankers' Association will hold its annual session on April 18, 19 and 20 at the Pine Forest Inn, Summerville, S. C.

—May 16 to 18 have been chosen as the dates for the annual convention of the Texas Bankers' Association, which will be held at Dallas. J. W. Hoopes, vice-president of the Austin National Bank of Austin, Texas, is secretary of the association.

—Arthur D. Allen has been elected secretary and comptroller of the Fidelity Trust Company of Louisville, Ky. Mr. Allen, who has also become a director of the trust company, has been assistant treasurer of the Belknap Hardware & Manufacturing Company. As secretary of the Fidelity, Mr. Allen succeeds James C. Mahon, resigned. The office of comptroller is a newly created one.

—The American Trust Company of St. Louis announces the acquisition of the business and good-will of the Washington National Bank of that city, and as a result the business of the bank has been transferred to the trust company. The Washington National was established in 1903. It has a capital of $500,000, with deposits

in excess of $1,000,000. The American Trust was organized in 1909; it has $1,000,000 capital and deposits of over $2,000,000. Samuel Nicolls, cashier of the bank, is to become a vice-president of the trust company and a number of the directors of the Washington National are to be added to the board of the trust company. J. C. Van Riper, president of the American Trust Company, is also president of the Title Guaranty Trust Co. of St. Louis.

—J. W. Clise has been elected chairman of the board of the Washington Trust & Savings Bank of Seattle, having retired as president. C. J. Smith has been promoted to the presidency from the office of vice-president, and J. H. Edwards has succeeded Mr. Smith as vice-president. Mr. Edwards is also vice-president of the Seattle Trust & Title Company. The Washington Trust & Savings Bank is affiliated with the Dexter-Horton National Bank.

—Clyde M. Carr, vice-president of J. T. Ryerson & Son, has been elected a director of the Corn Exchange National Bank of Chicago to fill the vacancy caused by the death of Isaac G. Lombard.

—F. H. Elmore, who has been assistant cashier of the Continental and Commercial National Bank of Chicago has accepted the position of vice-president of the First National Bank of Missoula, Mont. Officers of the Continental and Commercial National presented Mr. Elmore with a testimonial in the shape of a handsome set of silver. Owing to the number of officers of the Continental and the Commercial which the recent consolidation made necessary to provide places for, the vacancy caused by Mr. Elmore's resignation will not be filled.

—A change in control of the United States National Bank of Superior, Wis., is announced, resulting in a reorganization under which W. A. Whitney has become president, with J. E. Greenfield as acting vice-president, and Martin Pattison as vice-president; A. J. Wentzel continues in the cashiership.

—A proposition to increase the capital of the State Bank of Seattle from $100,000 to $200,000 has been approved by the stockholders.

—The American Savings Bank at Sioux City, Iowa, has filed articles of incorporation giving its capital stock as $50,000. Incorporators are: W. S. Snyder, George C. Call, E. M. Corbett, N. Tiedeman, Samuel Krummalin, Leonard O'Harrow, Herman Galinsky, Alex Lalson.

—John L. Crawford has been elected president of the Terre Haute National Bank of Terre Haute, Ind., succeeding Preston Hussey, resigned. Mr. Crawford had heretofore been vice-president.

—Stockholders of the Chicago Savings Bank and Trust Company have voted to increase the capital of the institution from $500,000 to $1,000,000. The new stock is to be offered at $120 a share to stockholders of record March 16 and will be payable on or before April 5. Twenty dollars a share of the purchase price will go to surplus account, raising it to $200,000.

—Hugh McCloskey, head of the New Orleans Railways and Light Company, has been elected senior vice-president of the Hibernia Bank and Trust Company. R. W. Wilmot was elected a vice-president. Gustaf R. Westfeldt tendered his resignation, after thirty-five years of service, as director.

—The annual meeting of the New Orleans Clearing-House Association took place January 17. R. M. Walmsley, president of the Canal-Louisiana Bank & Trust Company, was re-elected president, and Chas. Godchaux, president of the Whitney-Central National Bank was elected vice-president. The following committee of management was elected to serve during the current year: J. J. Gannon, president of the Hibernia Bank & Trust Company; J. H. Fulton, president of the Commercial National Bank, and A. Baldwin, Jr., president of the New Orleans National Bank. The manager, C. A. Morgan, was also re-elected.

—The board of directors of the Central Trust Company of Pitthburgh has organized by electing Robert Monroe, Jr., president; James M. Fanning, John S. McCormick and Meyer Strong, vice-presidents and Henry G. Hetzel, secretary and treasurer. Mr. McCormick is a new official.

—The Vicksburg Clearing House has re-elected the old officers, as follows: W. S. Jones, president; W. Thos. Rose, vice-president; F. H. Andrews, secretary and manager. T. W. McCoy was added to the governing committee.

—At the annual meeting of the officers of the Orange National of Athol, Mass., C. A. Pike, for twelve years cashier of the bank, resigned to accept a similar position at the City National in Holyoke. Frank A. Howe, who has been teller, was elected cashier.

—Lloyd M. Tillman, recently a national bank examiner for Southeast Pennsylvania, has been elected president of the Allentown National Bank of Allentown, Pa.

—Charles H. Hetzel, a director of the Second National Bank of Allegheny, Pa., has been elected a vice-president of the institution, and has also been chosen to fill the newly-created office of secretary to the board.

—D. W. Hogan has resigned as cashier and a director of the American National Bank of Oklahoma City. For the present the position remains unfilled, Harry B. Carson, assistant cashier, officiating as acting cashier. James Cheneweth has been elected active vice-president of the bank. Mr. Cheneweth retires as vice-president of the Farmers' National Bank.

—Philip Stockton, president of the Old Colony Trust Company of Boston, has been elected a director of the Bay State Trust Company of Boston.

—B. P. Crum has been elected first vice-president of the New Farley National Bank of Montgomery, Ala., to take the place of Sylvain Baum, resigned. James S. Pinckney replaces Mr. Crum as second vice-president of the institution. M. A. Vincentelli has been temporarily assigned to serve in the cashiership until the election of a successor to John J. Flowers, who has resigned both as cashier and director. Mr. Baum, who retires from the office of vice-president, also withdraws from the directorate.

—F. J. Denison has been made an assistant cashier of the First National Bank of Denver.

—A proposition to consolidate the Waggoner Bank & Trust Company of Fort Worth, Tex., with the First National Bank of that city was ratified by the stockholders of the trust company on Jan. 31. The Waggoner Bank & Trust Company, will be continued in its present quarters under the present title, and will be operated as a trust and savings adjunct of the First National. The trust company was established in 1901 and has $150,000 capital. The bank has $500,000 capital. T. B. Yarbrough, vice-president of the trust company, will be identified with the bank as a vice-president, and W. T. Waggoner, president of the Waggoner Trust, becomes a director of the First National. M. B. Lloyd continues as president of the latter.

—The Metropolitan State Bank has been organized in Detroit, Mich., with an authorized capital and surplus of $1,500,000. The new institution purposes to conduct a commercial and savings business and is slated to open on April 17 at 91 Griswold street. The management will consist of Henry C. Wiedeman, president; A. F. Anderson, vice-president, and George H. Sweet, cashier.

—Robert D. Foote has been chosen president of the National Iron bank of Morristown, N. J., succeeding the late Henry C. Pitney. Mr. Foote had been vice-president of the institution.

—Eugene H. Benoist has been elected a director of the Mississippi Valley Trust Company of St. Louis to take the place of August A. Busch, who resigned some time ago. Mr. Benoist was the company's first real estate officer; he served the institution in that capacity from 1898 to 1905.

—J. A. Hall, for several years vice-president and cashier of the First National Bank of Seattle, has retired from active work in the bank, having relinquished the title of cashier to the vice-president, D. H. Moss. Mr. Hall owns and still retains a one-sixth interest in the bank. Mr. Hall has extensive lumber and timber interests in the Northwest, to which he intends to devote his attention.

—The First National and the Odessa State Bank of Odessa, Washington, have consolidated with increased capital. The new capi-

TRADERS BANK OF CANADA, TORONTO

tal is $40,000, with $10,000 undivided profits. This consolidation was perfected at a joint meeting of the stockholders of the two banks, when it was decided that the interest of the community would best be served by the consolidation. The new bank may occupy the quarters of the First National with the following officers: Geo. W. Finney, presi-

dent; Joseph Kriegler and W. R. Lesley, vice-presidents; Charles T. Deets, cashier; Henry W. Rieke and Alfred M. Michaelson, assistant cashiers. The name chosen for the new bank is the Union State Bank.

—A new commercial banking institution has been organized in Baltimore by the officers and directors of the Maryland Savings Bank. A special charter granted by the Legislature in 1906 has been secured by the management, under which it is authorized to issue stock in shares of $25 each instead of $100. The proposed bank, which is to be known as the State Bank of Maryland, will accordingly have an authorized capital of $500,000 in 20,000 shares; the stock is to be sold at $31.25 per share, thereby creating a surplus of $125,000. The bank is to be open for business on April 1 in the Maryland Savings Bank Building. William W. Cloud, president of the latter institution, has been elected president of the State Bank of Maryland, the other officials of which are: vice-president, Summerfield Baldwin, of Woodward & Baldwin and vice-president of the National Exchange Bank of Baltimore; secretary, G. H. Pfeil, and assistant cashier, Walter H. Cook.

—The capital stock of the Citizens' Bank of Buffalo, N. Y., has been increased from $100,000 to $200,000. The enlarged capital became effective on February 15, when a dividend of 100 per cent. was paid to the shareholders, to be applied as payment for the new stock. The proposition was ratified by the stockholders on Jan. 26. Up to the time the capital was raised to its present amount, the bank maintained a dividend rate of ten per cent. payable in January and July. What the new rate will be has not yet been determined. With its $100,000 capital the institution had surplus and profits of about $330,000.

—Announcement is made of the death of John P. Van Patten, second vice-president of the First National Bank of Davenport, Iowa, who has been serving in that capacity since 1897.

—The Merchants-Laclede National Bank of St. Louis has elected Joseph R. Barroll, manager of Butler Bros., a director to succeed Henry C. Scott, and also Charles W. Mansur.

—At the first annual meeting of the stockholders of the Fulton National Bank of Atlanta, Ga., which has just closed its first year of business, the capital stock was increased from $300,000 to $500,000. Seven per cent. was set aside for surplus and undivided profits. Thus far this new bank has been very successful. The assets are now over $1,200,000, with deposits of $750,000.

CANADIAN NOTES

—The twenty-sixth annual report of the Traders Bank of Canada discloses a steady growth in all departments. The deposits now aggregate over $36,000,000, which by comparison with the deposits of a year ago, show an increase of $6,200,000, an amount almost equal to the total deposits of the bank ten years ago. Net profits for the year amount to $524,351 as against $457,082 in 1909. Eleven new offices were opened during the year and all are flourishing. The sum of $348,360 has been distributed to shareholders in dividends; $100,000 added to reserve fund, which now amounts to $2,300,000; the usual appropriation of $10,000 has been made to officers' guarantee and pension funds, and $15,000 written off furniture account, and the sum of $153,435 carried forward to the credit of profit and loss new account.

The following resolution was passed at the annual meeting:

"That the shareholders and directors of the Traders Bank of Canada place on record their hearty approval of any legislation of the Dominion Parliament whereby an independent examination and audit, under the direction of the Government, of all banks, shall be made from time to time.

"Resolved, also, that whilst the system of auditing should be determined by the Government, it is hoped that in the public interest the method to be devised will be thorough and efficient and of a practical character, as the result of an ineffective system would create injustice and tend to injure those who might be induced to rely on reports having the sanction of a Government or other official auditor.

"That a copy of this resolution be forwarded to the Honorable Minister of Finance."

—The annual general meeting of shareholders of The Guarantee Company of North America, was held at its offices, 57 Beaver Hall Hill, Montreal, January 19, with the president, Edward Rawlings, in the chair. The report showed the following results: Total income for the year, $326,676.59; total amount of risks in force (less reinsured), $64,628,145; total amount of claims paid and provided for, $2,292,273.67; surplus as regards shareholders, $1,102,045.45; surplus as regards policyholders, $1,406,645.45; total resources, $1,976,952.67.

The following directors were elected for the ensuing year: Sir Edward S. Clouston, Bart., Henry W. Cannon (New York City), James B. Forgan (Chicago, Ill.) George Hague, Hartland S. MacDougall, Edward Rawlings, William Wainwright, Henry E. Rawlings, and the Hon. E. C. Smith (St. Albans, Vt.)

At a subsequent meeting of the board

Edward Rawlings was reelected president and managing director, and Hartland S. MacDougall, vice-president for the ensuing year. Henry E. Rawlings was reappointed assistant manager, and Richard B. Scott reappointed secretary and treasurer.

WITH BANKERS MAGAZINE ADVERTISERS

THE HOTEL MARTINIQUE

IT is hardly necessary to say that New York is known the world over for the number, size and excellence of its hotels. Nowhere else has such a study been made of the modern demand in hotel and restaurant accommodations, and nowhere has the problem received so satisfactory a solution. This high degree of excellence has been attained to a great extent through the ability and experience of the architects who are devoting themselves largely or entirely to hotel work. Of such architects one of the

most conspicuous is Mr. H. J. Hardenbergh, whose work is seen in many noteworthy examples of hotel construction, both in New York and elsewhere.

One of his latest productions is the spacious addition to the Hotel Martinique, at Broadway, Thirty-second and Thirty-third streets, New York. Already well known, it has come into still greater prominence through the management in recent years of the Taylors, long identified with the St. Denis and Taylor's restaurant, famous for many years.

The new addition to the Martinique, covering the entire corner of Broadway and Thirty-second street, more than doubles the size of the hotel and provides a total of 600 rooms and 400 baths. In the enlarged hotel much attention has been paid to the arrangement of the public space. The concourse running through from Thirty-second to Thirty-third street is remarkably fine and spacious, finished in marble, with elaborate bronze chandeliers and other appointments in keeping.

The main dining room, at the right of the Thirty-second street entrance, is an exceedingly beautiful room—a copy of the celebrated Apollo room in the Louvre, the decorations a beautiful example of the French renaissance and the prevailing colors gold and rose. The panels are filled with paintings by well-known American artists.

At the Broadway corner is another handsomely appointed dining room, opening from the concourse and from Broadway. Reached by spacious marble staircases, as well as elevators, is the grill room in the basement, which has been doubled in size. The dinner furnished in the grill room and the entertainment provided nightly, has achieved a wonderful popularity for the Martinique as a dining place, before or after the theatre. The former dining-room at the Thirty-third street entrance remains in use as before.

On the second floor a spacious and beautiful ball and assembly room has been provided, with a handsome foyer, with specially woven rugs and special furniture. A mezzanine floor opening onto the concourse provides space for the orchestra, as well as writing and retiring room.

Off the grill room a commodious humidor has been established, in which are displayed thousands of dollars' worth of the choicest cigars. The equipment and arrangement of the kitchen and serving-rooms is in keeping with the standard of the hotel.

No pains or expense has been spared to make the hotel as perfect as possible in every way, and it is satisfactory to note that the lavish expenditure in behalf of the traveling public is meeting with a prompt response in increasingly generous patronage, the proximity of the Hudson tunnels and the Pennsylvania Railroad stations recommending it especially to incoming and outgoing travelers.

Full particulars as to permanent or transient accommodations at the Martinique may be had by addressing Mr. Walter Chandler, Jr., general manager.

ALBERT H. WIGGIN
PRESIDENT CHASE NATIONAL BANK OF NEW YORK

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THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

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NEW YORK BANKING LAWS

REPORTING to the Legislature, recently, on savings banks and trust companies, Supt. CHENEY, of the Banking Department of the State of New York, makes these recommendations:

"In connection with irregularities recently discovered by the Banking Department, which resulted in the closing of certain financial institutions by order of the Superintendent of Banks, it has been found necessary to prepare amendments to the Banking Law and present them to you for your action. These amendments are herein outlined.

"I recommend an amendment to section 21 of the Banking Law, relative to the reports which are required to be made to the Banking Department by the officers of our financial institutions. The amendment suggested makes no material change in the requirements of this section, but simply remedies certain ambiguities of expression and makes the provisions of the statute clear and definite. Under the language of the statute as it has heretofore existed the office of the district attorney of the county of New York found considerable difficulty in framing indictments for perjury and in conducting prosecutions of bank officials for verifying false or deceptive reports. The present amendment has been drawn as the result of a conference between representatives of the district attorney's office and the Superintendent of Banks.

"Subdivision 7 of section 27 of the Banking Law has heretofore only applied to banks, and provides that no officer, director, clerk or agent of such bank shall borrow from the bank with which he is connected without the consent and approval of a majority of the board of directors. This law has been evaded by not making the loans directly to an officer or director, but to some small private corporation practically owned or controlled by such officer or director. I therefore recommend that the provisions of this subdivision be extended so as to apply to the officers, directors, clerks or agents of all institutions subject to the provisions of the Banking Law, and further extending the prohibition so that a loan to a corporation owned or controlled by an officer, director, clerk or agent of a financial institution shall be considered as a loan to such officer, director, clerk or agent.

"Section 42 of the Banking Law provides for monthly meetings of directors or trustees and requires reports to them of the loans and discounts made since their previous meeting. I recommend that this requirement be made to include in addition to loans and discounts other advances and overdrafts so that officers and individuals may not overdraw their accounts or receive advances without the same being reported to the board of directors or trustees.

"I recommend that sections 137 and 140 of the Banking Law be amended in order to perfect the statute and call

to the attention of the trustees of savings banks the responsibility of their trusteeship. The office of trustee of a savings bank is practically a life office, and until a comparatively recent period even a preliminary oath of office was not required. When present section 137 was amended in 1908 so as to provide for a preliminary oath of office as a qualification it was only made applicable to trustees thereafter elected or appointed, and was not made generally applicable. Recent disclosures have warranted my recommending the insertion in our savings bank law of the following:

"'In January of each year every trustee of such corporation shall take and subscribe an oath that during the preceding calendar year he has, so far as devolved upon him, diligently and honestly administered the affairs of such corporation, and that he has not knowingly violated, nor willingly permitted to be violated, any of the provisions of the law applicable to such corporation. Such oath shall be certified by the officer before whom it is taken, and shall be transmitted to the Superintendent of Banks and filed and preserved in his office.'

"I recommend such amendments to our penal law as are herein outlined:

"Section 290 of that law should be amended to correspond to the proposed amendment to section 42 of the Banking Law. The reasons for making these sections of the law applicable to other advances than discounts or loans, technically defined, including overdrafts, have already been given.

"Another amendment to the same section is of similar character and covers loans of securities as well as loans of funds. This amendment is also suggested by recent investigations in connection with closed institutions in New York city.

"The last amendment to section 290 of the penal law is taken almost verbatim from the National Banking Act. It has been found of great service heretofore in prosecuting criminal offenders against that act. Some slight adaptation of the language used in the national banking law was necessary, and it was only made to apply to acts not otherwise punishable under the provisions of the penal law, in order that advantage might not be taken of it to reduce in some cases the degree of punishment of the crime.

"The proposed amendments to section 297 of the penal law which I wish to recommend are the result of conference between the Superintendent of Banks and a representative of the office of the district attorney of the county of New York. By the insertion of the words 'or trustees' this section is made applicable to the trustees of savings banks, as well as to the directors of other moneyed corporations. As a matter of practice it has moreover been found difficult whenever a director of a moneyed corporation omitted to perform some duty incumbent upon him to prove that he wilfully omitted to perform that duty. It therefore seems advisable to supplement this language by the insertion of the words 'or culpably neglects,' and I believe that these additional words will admit of more exact definition and stricter legal proof before a trial jury.

"Bills embodying these amendments have already been introduced and have been referred to the proper committees. I trust that they will have your careful consideration, believing that their enactment into law will further safeguard our financial institutions and effectively supplement the work of this Department."

While, of course, there is generally criticism of the Banking Department whenever a bank fails, perhaps if all the circumstances were understood this

criticism might be modified very materially in most cases.

Superintendent CHENEY makes few recommendations, indicating that the present banking law of the State is considered ample for the protection of the banks and the public.

THE AMERICAN BANKERS' ASSOCIATION

WHEN the Executive Council of the American Bankers' Association convenes at Nashville in May for the spring session, matters of interest will no doubt come up for discussion. The time and place for holding the next annual convention will be fixed and plans outlined for carrying on the summer's work.

Although the association has grown largely in recent years, it does not yet include one-half of the banks in the country. The protective feature and the practical work being done by the various sections should, it would seem, be a sufficiently strong inducement for a larger proportion of the banks to become members.

As the association grows in membership and influence its activities naturally tend to broaden. While this tendency will upon the whole be beneficial, it is nevertheless fraught with considerable danger.

In the past, or until quite recently at least, the association has refrained from entering into any business on its own account, particularly such as might encroach upon the business of its members or of those who have contributed to the organization's growth and success. It will be remembered that for years attempts were made to have the association organize a fidelity company to handle the bonds of bank employees, but this attempt failed because it was considered that for the association to enter upon this business would be foreign to its purposes and was further objectionable in that it would be competing with its own members.

Lately the association has gradually entered the publishing field, issuing a monthly magazine which is sent to members without any charge other than the membership fee. The same magazine also provides intellectual food for the members of the American Institute of Banking, an organization of bank clerks allied with the American Bankers' Association. It is said that it is the ambition of the association also to publish a bankers' directory, competing with several such publications already in the field.

No valid ground of objection exists to the publication by the association of a monthly bulletin, confined to a report of the routine proceedings and transactions of the association and of the executive council. But there are, in our judgment, grave objections to the issue by the association of any periodical or book that comes into competition with the existing banking and financial publications. That the Journal of the American Bankers' Association is already encroaching on the business of these publications can hardly be questioned by anyone who considers the matter carefully. We do not believe a policy of this character can prove other than harmful to the best interests of the American Bankers' Association.

The publishers of the various banking and financial journals have invested their own capital in their business, and while they ask no favors, they do object most strongly to being compelled to compete with a subsidized publication, issued by an organization largely built up by the publicity received from these same journals.

As far as the members of the American Institute of Banking are concerned, they would certainly fare better by subscribing for almost any of the regular publications than to depend for their

information upon a magazine that is virtually an organ of the association. There could, of course, be no objection to the Bulletin printing such routine matters pertaining to the Institute as might be of general interest.

The banking and financial periodicals of the United States are, as a rule, able and self-respecting publications. They have given almost unlimited space to the proceedings of the American Bankers' Association and have been a strong factor in its success. They have also helped very materially in enhancing the fame and reputation of several of the gentlemen officially connected with the association from time to time—a fact which most of these gentlemen fully recognize. The publishers of these journals may be expected to enter an emphatic and effective protest against a policy that would make it necessary for them to compete with a publication subsidized by the American Bankers' Association.

AMERICAN INVESTMENTS IN MEXICO

DURING the recent discussion of affairs in Mexico reference has been made to the amount of American capital invested in that country.

The commonly-accepted estimate of $1,500,000,000 as representing such investments probably far exceeds the actual figures. As against this high total, we have heard a former Mexican banker express the belief that less than $100,000,000 would come nearer the truth.

Of course, American capital has done much in railway building in Mexico, but lately the Mexican Government has bought a majority interest in the securities of some of the principal roads, thus reducing the private holdings. Americans are in the mines and haciendas to a considerable extent also, as well as in enterprises of other kinds. They make quite a respectable showing in the mercantile establishments of Mexico City, but seem to be only moderately represented in banking.

Perhaps one reason why American investments in Mexico are put at such a high figure is because of the practice of forming corporations here with a capital running into the millions, although the actual capital employed in Mexico or elsewhere may be very small.

FEDERAL CORPORATION TAX UPHELD

ON March 13 the United States Supreme Court rendered a decision sustaining the Federal law imposing a tax of one per cent. per annum on the net earnings of corporations in excess of $5,000.

The decision, from a Treasury standpoint at least, is favorably regarded, since it means that the Government will have a revenue of from $25,000,000 to $30,000,000 annually which it would not have had if the decision had been the other way.

When the law was enacted as a part of the Payne-Aldrich tariff, it was fully discussed in these pages. In view of the court's decision, of course nothing remains for the corporations but to accept the law and conform to its provisions.

STATE GUARANTY OF DEPOSITS

REPORTS from Oklahoma indicate that many of the State banks are going into the national system to escape the tax levied on them to meet losses caused by the failures of other State banks.

At first the deposit-guaranty law threatened serious results for the national banks, for many institutions changed from the Federal to the State

system, because of the evident popularity of the guaranty feature in attracting deposits. In fact, the deposits of the State banks did enormously increase, while the deposits in the national banks were practically stationary. But the State banks have found out that this popularity of the guaranty law must be paid for, and now, it is reported, many of them are going into the national system to escape the tax imposed upon them under this law.

Several States have recently adopted a deposit-insurance law, and the idea is being agitated in a number of others. Whatever may be the merits or demerits of such a law, it would seem wise to make haste slowly in the matter. With the experience of States where the law is already in force as a guide, wiser action may be taken. This experience is as yet too limited to be conclusive. It can not truthfully be said that deposit insurance has "made good," nor can it be said that it has failed. Time and a further test will establish its efficacy or prove its uselessness.

EXPORTING FINANCIAL EXPERTS

ADVICES from Washington recently stated that five American financial experts were to be sent to Persia to assist the Persian Finance Minister in reorganizing the finances of the Empire, and that W. MORGAN SHUSTER, who has had experience in the Government service of the United States, chiefly in Cuba and the Philippines, has been appointed Treasurer-General of Persia. The appointment is, of course, a high tribute to Mr. SHUSTER's ability as a financial expert and at the same time a compliment to this country.

We should have been better pleased, however, had the Shah taken over our Monetary Commission in a body. Probably they might have been better spared than the gentlemen who have been selected. They already possess a self-conferred certificate from Congress as financial experts. With two or three honorable exceptions, no one had ever suspected them of being financial experts until they were placed on the Monetary Commission.

The United States should be an excellent training-ground for the student of finance. Here are numerous institutions of learning, many of them specially equipped for supplying financial instruction. There is much financial literature, current and otherwise. Our banks are unsurpassed in numbers and in the aggregate of their resources they make a very respectable showing. The various States offer an exceptional opportunity of studying and comparing a variety of fiscal systems. We have ten or a dozen kinds of money in circulation. We have tried silver and greenbacks and still retain both in our currency. Moreover, the American student of finance can observe, on the ground, how a bad system works. He knows the things to avoid. We do not suppose any financial expert going abroad would recommend the patent defects of our banking system or of our Treasury arrangements for adoption by any foreign government.

Notwithstanding these defects, which are now realized and in process of correction, the banking and financial systems of the United States contain many excellent features. The collection and handling of the vast sums by the State and Federal governments with comparatively little loss must challenge the admiration of all fiscal students.

While the Persian Government is to be congratulated on securing the services of Mr. SHUSTER and those who will be associated with him, it may be doubted whether the services of these gentlemen can well be spared. Although the United States in recent years has had but little use for financial experts, preferring to be guided by those

who had the least knowledge, faint signs may be discerned of a change in this policy. Should the country decide to listen to the counsels of those who have understanding of such matters, we shall have plenty of work to be done by the financial experts, and will hardly have a surplus of them for export for some time to come.

GROWTH OF TRUST COMPANIES

LAST month there appeared in the Trust Companies Department of the MAGAZINE some very interesting statistics, compiled by Mr. CLAY HERRICK, regarding the growth of trust companies in the United States. From 1900 to 1910 it appears that the trust companies reported a gain of 199 per cent. in individual deposits, against 115 per cent. for State banks, 66 per cent. for savings banks and 103 per cent. for the national banks. In numbers the percentages of increase were: Trust companies, 276; State banks, 178; savings banks, 75; national banks, 91.

While this shows that in the past ten years the trust companies grew faster than any other class of banks, it can not be safely inferred from this that any such rate of growth will continue. The "long-felt want" which the trust company is supposed to fulfill may be pretty well supplied by this time. If we examine the actual increase in numbers, the growth of the trust companies appears less formidable than when referring to percentages. Thus, the number of trust companies increased by 801 from 1900 to 1910, and the national banks gained 3,413. So with the actual gain in deposits—$2,045,000,000 for the trust companies and $2,865,000,000 for the national banks.

The number of trust companies rose rapidly from 1901 onward to 1907, but the new companies organized have declined very markedly since that year.

Despite the great popularity of the trust companies and their undoubted ability to perform satisfactorily a large number of functions, the national and State banks seem in no danger of being superseded by them. One of the characteristics of our banking system is the seeming need for a varied class of institutions. The national banks did not displace the State banks, nor does it appear probable that the trust companies will supersede the other classes of banks.

American manufacturers, it is said, are impatient because certain foreign consumers of our goods insist on having the labels of a particular color, or some special picture or mark on the goods, irrespective of the meaning of these designations. In much the same way, theorists become impatient with the diversities in our banking systems—they would reduce them all to a dead level of uniformity. A few big banks, they say, with branches scattered over the country, would be better than our large number of separate small banks. Perhaps so, but the people here have their own convictions, just as the foreigners do about the color of the labels on the goods they import.

RECIPROCITY WITH CANADA

EVIDENTLY the Republican majority in the Sixty-first Congress did not have much faith in Canadian reciprocity as a political asset, for the session was allowed to expire without passing the treaty proposed by President TAFT, and the matter goes over to the special session which the President has convoked.

Yet, with Republicans like BLAINE, MCKINLEY and TAFT favoring reciprocity, it is not surprising that it has gradually grown in favor with that party, as it certainly has among the people generally without reference to

party affiliations. According to Hon. CHAMP CLARK's definition, "reciprocity means you tickle me, and I'll tickle you." Both Canada and the United States will no doubt profit fom the arrangement for reduced duties. Situated so close together, speaking the same language, and having many common traditions, the people of Canada and the United States are bound to increase their commercial and social relations as time goes on, but whether this will ever lead to political union it is now impertinent to discuss.

The rapid growth of manufacturing in the United States has not only made it desirable to increase the markets for our manufactures, but the relative decline in the producers of food has made it advisable to reduce the duties on agricultural products so that the cost of living, about which so much complaint is heard, may be kept down.

THE POSTAL SAVINGS BANK

ASIDE from the necessity of providing a market for the two per cent. bonds, one of the chief reasons brought forward in behalf of the postal savings bank was that it would furnish a safe place for the untutored foreigner to deposit his money, and thus stop the outflow of the large amount of cash that has gone to Europe because the foreigner could not trust any of the existing banks!

Reports recently sent to this country from Europe indicate that the sums of money sent abroad in the last year are larger than ever before. Evidently the foreigners, for whose benefit the postal savings bank was chiefly designed, either has not heard of the new institution or has no more confidence in it than he has in the banks. This is not very surprising, for anyone who would distrust American banks as a whole could hardly be expected to have faith in the Government itself.

The postal savings scheme was clearly a case of class legislation, and the wisdom of it yet remains to be shown by results.

NEW YORK SAVINGS BANKS

REFERRING to the surplus funds of the New York savings banks, the Superintendent of Banking in his report, recently published, says:

"In my annual report last year I made the following statement relative to the savings bank surplus:

"'For twenty years or more there has been an almost unbroken decrease annually in the percentage of surplus on market value of investments to deposits, such percentage to-day being less than one-half of what it was in 1890. The safety of our savings banks is indeed undoubted, and there can be no successful challenge of the principle that every dollar of net earnings that can be so apportioned with prudence should be distributed to depositors, for whose sole benefit the savings banks have been established. But the qualifying words, "with prudence," deserve to be emphasized. Absolute safety of savings funds should always be the primal consideration. The surplus of a savings bank represents its margin of safety. Moreover, surplus adds to the earning power of the bank, and the statute itself guards that surplus with jealous care by permitting no part of it to be paid out in dividends until it reaches fifteen per cent. of the amount due depositors. It can not be overemphasized that the management of every savings bank whose deposits are increasing should carry proportionate sums to its surplus fund at every dividend period.'

"The occurrences of the past year

and existing conditions in the financial and economic world have not detracted from, but have further emphasized, the words of caution contained in that statement. While there may be no immediate danger, the situation is such that it deserves and is receiving the careful consideration of the most thoughtful and conservative men connected with the savings bank system of the State. Various remedies have been suggested. In fact, it has been proposed to arbitrarily limit by statute the interest or dividends paid depositors with savings banks to fixed rates proportionate to surplus already accumulated. The purpose, of course, is to build up a sufficient surplus to protect depositors against loss, and this end might possibly be served by the enactment of a law requiring every savings bank of this State to set aside to surplus before the declaration of dividends to depositors a certain percentage of its net profits for the period until such time as its surplus based upon market values shall be equal to at least five per centum of its deposits, and a less percentage until its surplus based upon market values shall be equal to at least ten per centum of its deposits. The problem, under existing conditions, is so complicated by various considerations, and so many of the best minds of the State, familiar with all its intricacies, are engaged in its solution, that I shall refrain at the present time from making any express recommendation, but I do bespeak for this plan, or some modification of it, your very serious consideration."

We have repeatedly pointed out the necessity of action in this matter. Were the above recommendation carried out, it would cause a reduction in the interest rates of a number of banks not having the surplus indicated, but this reduction of the dividend rate would result in the building up of surplus funds, to the manifest advantage of the general savings bank situation in the State.

INTERNATIONAL ARBITRATION

PRESIDENT TAFT'S recent declaration that he saw no good reason why all international disputes, incapable of settlement by direct negotiation, should not be referred to an international tribunal for settlement, and the cordial response of Earl GREY, the British Secretary of State for Foreign Affairs, to this declaration, have served to give a practical turn to the discussion of arbitration as a means of settling international disputes, for both these gentlemen are certainly outside the classification of mere dreamers and theorists whom many warlike persons believe to be the only advocates of arbitration. They are statesmen charged with heavy responsibilities, and are accustomed to weigh their words before speaking.

The British Foreign Minister is further reported as saying, in a speech in Parliament recently, that the expenditures for purposes of war were becoming so great among modern nations that civilization itself might break down under the strain. The burden of taxation may become so great as to cause revolution and a disruption of society as now organized.

The utterances of President TAFT and Earl GREY indicate that serious consideration is being given this problem by statesmen of two of the world's great nations. Before arbitration can gain a definite international standing, a workable plan must be devised for constituting a satisfactory method of procedure and insuring the constitution of a court that would command respect and impel acquiescence in its decrees. Progress along this line is being made by those who are working in accordance with the ideas animating the establishment of the peace fund by Mr. ANDREW CARNEGIE.

The expenditures for war constitute a vast source of economic waste—aside from purely humanitarian considera-

tions, which make war an unspeakable barbarism in the light of modern thinking—and the progress of the world would be greatly helped if some practicable means could be found for greatly curtailing such expenditures.

But nothing will ever be done unless at least two prominent nations take a decisive step. Do the utterances of Earl GREY and President TAFT foreshadow such action on the part of Great Britain and the United States?

BANKING AS A PUBLIC TRUST

By John Cofer Shirley

THE conscientious and intelligent banker may well say, "I do magnify mine office." And it is true that bankers are slowly but surely becoming both conscientious and intelligent—this not in the narrow sense—for they have always been noted for both shrewdness and honesty—but in the larger sense that banking is a great and noble profession which concerns not only the bankers themselves and their immediate clients, but likewise the whole business community, and so the whole social fabric.

Now, it is not my intention to write a few platitudes in order to show how the banker is the custodian of the greater part of the funds of the people, and hence, is a trustee who should give a just account of his stewardship. Nor, on the other hand, am I concerned to show how the banker is a provider of capital and credit by which the business interests of the community are conserved and promoted. I wish to strike a higher note than these.

HIGH PRICES.

There has been of late much discussion as to the cause of high prices, and most of this discussion has been, unfortunately, wide of the mark. For there is only one thing that has ever made high prices, or that can ever at any time make high prices, and that is an inflation of the money supply. Now, this inflation of the money supply can be made in various ways; either by the actual relative increase in real money, by the debasement of the coinage, or by an increase of the amount of paper money, or, finally, by an inflation of bank credit.

However, it matters little which method of inflation is used, for the results are the same—the money standard is changed, values are unsettled, prices rise, business is disturbed, speculation sets in, the poor and the unwary are robbed of their just earnings, the shrewd and the unprincipled wax fat and set no limits to their robberies and extortions, till finally comes a crisis; credit collapses, business stagnates, the poor suffer want and calamity, and the rich make little or no gains till a readjustment of values is again effected.

FIXING THE RESPONSIBILITY.

Now, in our modern system of finance and social economy who is mainly responsible for this state of things? Plainly, the banker. It is the banker who regulates the money supply, and hence, prices. Fluctuations in the value of money are the means by which the rich rob the poor, and the cunning cheat the simple minded. These fluctuations are the ready tool by which the speculator, the exploiter, the manipulator and the stockjobber operate, and so of all their kind.

Every issue of bank credit inflates the money supply and debases the standard of value in the same way that an issue of paper money would do, or an issue of over-valued coin, or a counterfeit or debased coinage. There is a sure barometer to business conditions—when bank reserves go down prices go up.

GOLD AS A MEDIUM.

Now, gold is the only elastic medium, and the closer a currency is tied to gold, generally speaking, the more stable is

the value of that currency, and the more nearly invariable the general price level. But when inflation proceeds beyond a certain point the value of gold itself becomes speculative, and in place of the supply of gold regulating price, the speculative price of other commodities determines largely the supply of gold, and so everything goes wild. So that, as we have it now, the rise in prices is not caused by the increase in the supply of gold, but the increased supply of gold is caused by the rise in prices, and both are the result of an over-inflation of bank credit.

Formerly there was a great deal said about the value of everything being regulated by supply and demand. Now this may be true enough in a purely commodity market, but where everything is sold for a price the price is the demand, and the price being the speculative value of money over against the speculative value of all the other commodities, the law of supply and demand is set aside and the man who manipulates the money supply controls both supply and demand; that is, the banker holds the shells by which the whole game is "thimble-rigged"—"now you see it and now you don't see it." Thus it is that all buying and selling come to be a hocus-pocus either in the hands of the man who makes and holds the money or else in the hands of the man who can "get next" and avail himself of the supply of money as it comes from the hands of the maker and manipulator thereof.

"Business Conditions."

The average banker seems to think that the supply of money and of bank credit should be regulated according to business conditions. But "business conditions" with him usually means a good, stiff demand for loans from solvent customers at a good, stiff rate of interest, or the reverse. But he never stops to consider that business conditions should be and are regulated by the supply of money, till a crisis comes on or a panic —and even then he forgets all about the fact as soon as possible.

The truth is that "business conditions" are largely made and unmade by the supply of money, and to this extent the bankers make and unmake business conditions. This is the great trust that lies in the hands of the banker. All business and all economic conditions are largely in his power. By him all values are regulated, and prices rise or fall. His judgment and his control set the money standard and so foster legitimate undertakings on the one hand or encourage speculation and jobbery on the other. He it is and not the government who "coins" the money of the people, and who makes and unmakes its value. He it is who determines whether the currency shall expand or contract and whether it shall be sound or debased. He it is who makes prices high or low. He is not only a trustee of the funds of the community and the distributor of the same to good and true men for good and useful ends, or the reverse, but he is likewise the regulator of the value of these funds, and so he stands as the final arbiter of the justice of all exchanges and of all values of whatever kind. He is the universal umpire. His control of the standard of exchange gives him virtual control over all standards of value,—the dollar, the bushel, the yard, the pound-wages, rent, interest, profits. He measures all.

Let him consider well, for the responsibility is great and the trust is sacred. He it is who holds in his left hand the scales of justice, and in his right hand the sword of fate.

SAVINGS BANKS

Conducted by W. H. Kniffin, Jr.

THE DIVIDEND AND ITS DECLARATION

By W. H. Kniffin, Jr.

UNDOUBTEDLY the most important feature in the management of a savings bank is the dividend, for the strength, if not the solvency, of the bank depends upon the amount of interest which is paid to depositors. It is the pivotal point around which all other operations revolve. The amount of deposits is materially affected by the interest rate, and the ratio of surplus depends quite as much upon the dividend as upon the earning power of the bank. In the placing of mortgage loans and in the buying of bonds, the ultimate effect upon the dividend is a factor to be considered; for the question of income closely follows that of security. Not that the savings bank man says or should say to himself, "I must pay my depositors high interest and must therefore earn high interest," but, rather, "I want my depositors to get the highest rate compatable with safety, and must therefore in justice to them make their money do its full duty to this end."

INTEREST OR DIVIDENDS?

Whether or no, the amount that is periodically credited to depositors in red ink should properly be called *dividends* or *interest* is not a vital matter, but of enough consequence to merit consideration. *Interest* has a special, legal and technical significance. It is the "price paid for the use of money"—an amount usually if not always fixed and determined in advance, either by law or by agreement; or, as one authority puts it, "The increase in a debt due to the lapse of time." A *dividend* is something *divided,* and is usually indeterminate until profits are estimated and the dividend and its rate *declared.*

Savings banks do not, as a rule, promise interest in advance; in New York they are forbidden to do so. The rate is not therefore subject to agreement and cannot be known beforehand. But the interest so credited is the *distributive share of the bank's earnings,* pro-rated among the depositors who are, by the rules, entitled thereto. Being distributed earnings they are therefore properly called dividends. The dividend is now quite generally spoken of as interest. And since the rate is not generally promised in advance, this would seem to be the more apt term; but considering also that it depends upon time, it is in that respect, strictly speaking, interest. The term interest-dividend would seem to be the most exact.*

In a discussion in the New York Legislature on this subject, one Senator proposed to make a distinction between the profit distributed, calling the semi-annual distribution "interest" and the extra allowances at irregular intervals "dividends"—a distinction without a difference! Where interest rates are promised in advance, it is an agreement that probably could not be enforced against a mutual corporation, such as a trustee bank, if it should turn out that the agreed rate could not be paid without intrenching upon the deposits. The trustees have no authority to pay a dividend they have not earned and would be liable for it.

DEPOSITORS TO SHARE EARNINGS IN FULL.

The original theory of the New York Legislature concerning dividends to be paid to depositors was, that the *entire profits* of the institution should be divided ratably among them, and a provision to this effect was inserted in the first charter, and has been inserted in

*Bolles Practical Banking, page 275.

nearly the same terms in every charter since that time down to this (1875).*

In fact the charters of most of the early savings banks in all States contemplated the full sharing of the earnings among the depositors. Thus the charter of the Savings Bank of Baltimore provided that after paying depositors the agreed rate of interest (here the term "interest" is probably correct) the entire profits should be distributed every three years.

Provision is quite generally found in the laws of most States for extra dividends as the profits may warrant.

The New York provision for full distribution, ratably, was modified in 1831, authorizing a differential rate of one per cent. in favor of deposits under $500. In 1853 it was conceded to other banks and made imperative on banks in New York and Kings County. There was some question as to its application, and it was practically imperative. In fact, the whole subject of the regulation of dividends, except the general one assuring to them the profits after payment of expenses, has been controlled, in the main, by the views and wishes of the trustees of each institution.† This is the situation in New York and New Jersey to-day. The law names no minimum surplus, and the dividend rate is controlled, not "in the main," but *absolutely by the views of the trustees of each institution.*

Interest Promised in Advance.

The practice of stipulating the rate of interest in advance, while illegal in New York, is permitted in some States; but in many cases in New York the rate has been uniform for so long a time that it is more or less a fixed quantity. There may also be found cases where it is actually promised as far ahead as six months; but be this as it may, the practice is wrong, even if permissible under the law, being contrary to the fundamental principal of savings banking. "There is nothing," says Keyes, "in the theory of savings banks to justify it; on the contrary, everything in their theory and constitution is opposed to it."

A Differential Rate.

Many banks are in the habit of classifying their depositors into two classes, paying one a lesser rate than the other. The difference is usually one-half, or one per cent. Some make three classifications, and pay three, three and one-half and four per cent. The theory is that the small depositor will be encouraged thereby, for the higher rate usually applies to deposits *under* $1,000, although in some instances running as high as $2,000. The rule usually is, the higher rate up to a certain sum and the lesser rate on sums above. Some banks pay, say, four per cent. on $500, and three and one-half on all sums if in excess, obviously unfair; for a deposit of $500 will get ten dollars for six months, while $501 will get but $8.77.

The usual result is either withdrawals of the oversurplus, or a general scheming, by opening joint, trust, or fictitious name accounts, to get the higher rate, which obviously defeats the purpose in view. As Keyes reminds us, if the institution can afford to pay a uniform rate it is much better, for to label a $500 depositor "poor" and a $501 depositor a man of "affluence," makes a class distinction—again without a material difference, and often deprives those who need and are justly entitled to as high an income as is possible, as, for instance, a widow whose only income is her savings bank deposit.

Prophetical Warnings.

With a foresight quite remarkable, Keyes, in writing his history in 1875 seemed to look ahead thirty years and view the present situation, especially in New York. He says, page 423: "The insecurity attending deposits of considerable amounts, I would provide against by proper safeguards; and having done that, the more free for *all classes* the access is made to savings banks, the greater will be their prosperity, and

*Keyes' History of Savings Banks, page 415.

†Keyes page 416.

the greater will be the benefits they confer upon those in whose special interest they were primarily instituted. But it by no means follows that the trustees should be left to the exercise of an *unlimited* discretion in the matter of dividends. *Whatever policy or practice in regard to dividends, as in regard to anything else, is calculated to impair the perfect security of depositors, or to operate injuriously to the system, or to work an injustice to any individual or class of depositors, should be prohibited.*"

The difficulty rests largely with new banks attempting to meet older banks in interest rates. In fact, it would seem to be a question, not how much can you *afford* to pay, but how much does *your neighbor* pay?

In the past many banks started in to pay high rates and paid over so much of their earnings that no adequate surplus could be established, and therefore quickly succumbed when disaster overtook them. The established bank with a surplus fund earning for the joint benefit of all depositors, together with an assured earning power, can more accurately gauge its income; but new banks must work for a time in the dark; and the more so if the management is not experienced in such matters. The writer has seen the earning sheet of a bank which showed estimated earnings that were *absolutely impossible*,—and upon this erroneous compilation a dividend was declared!

High Rates in the Past.

High rates of interest prevailed quite generally in savings banks up to about 1880, often running as high as six per cent., with frequent extra dividends; but this was possible under the high earning power of money at that time. In fact, the charters of early banks often named the *minimum* rate to the paid, instead of stipulating, as is now commonly the rule, the *maximum* rate. In 1854 a bank was incorporated in Maine with the unique provision that all profits above six per cent. were to go to some charity. It lasted seven years!

As early as 1869 the Maine Legislature recognized the importance of restricting dividends, for while realizing that in *theory* all profits should go to depositors, in *practice* it is far from wise. They therefore made provision that before declaring dividends, one-fourth of one per cent. of the net earnings should be set aside, as a reserve or surplus, until the same amounted to five per cent. of deposits, to be kept intact to secure depositors against loss. The amount was changed to ten per cent. in 1871. In Massachusetts the act of 1834 provided that the entire income be divided among depositors, making no provision for surplus.

Provisions in the State Laws Regarding Dividends.

Before proceeding to prepare for a declaration of dividend, let us review briefly the provisions in the State laws regarding this feature, to note particularly the fact that additions to surplus are quite commonly required outside of New York. In Maine, one-quarter of one per cent. of the *average* amount of deposits for the previous six months must be set aside as surplus until the same reaches ten per cent. of the average deposits. Dividends are not to exceed five per cent. yearly. Extra dividends are required every three years to depositors of one, two and three full years' standing. Dividends are to be voted on "yea" and "nay," and may not aggregate a greater sum than has actually been *collected* as earnings. This would *exclude accrued interest,* which is generally regarded as income due but uncollected.

In Vermont not *over* one and three-fourths per cent. may be paid semi-annually, so that depositors may receive as nearly as may be all the profits of the bank, less expenses, and reserving such amount as the trustees may deem expedient as surplus, which, to the amount of ten per cent. may be accumulated and held. After a ten per cent. surplus is established the rate is optional with the trustees. As in Maine, earnings must be actual and col-

EXCELSIOR SAVINGS BANK

The trustees have ordered interest credited to depositors entitled thereto under the by-laws on January 1, 1911, at the rate of **4% PER ANNUM** on all sums of $5 and upward to $3,000, payable on and after January 16, 1911.

Deposits made on or before Jan. 10 will draw interest from January 1, 1911.

Accounts can be opened by mail. Booklet "Banking by Mail" sent free.

WM. J. ROOME, President.
JOHN C. GRISWOLD, Secretary.

23RD ST. N.E. COR. 6TH AVE.

IRVING SAVINGS INSTITUTION

115 Chambers St., N. Y.
Near 6th Ave. Elevated Station.

The Trustees have declared a dividend for the six months ending Dec. 31st, 1910, at the rate of

FOUR PER CENT.

per annum, on all sums from $1 to $3,000 entitled thereto under the by-laws, payable on and after Monday, January 16th, 1911.

Deposits made on or before Jan. 10th will draw interest from Jan. 1st, 1911.

H. E. TENER, President
GEORGE B. DUNNING, Secretary

MAIDEN LANE SAVINGS BANK

170 Broadway, Corner Maiden Lane.

4% A semi-annual dividend at the rate of 4% per annum will be credited January 1st, 1911, on all sums entitled thereto. Money deposited now and up to January 10th will draw interest from January 1st.

Deposits received from 9 A. M. to 5:30 P. M.; Saturdays included. $1 will open an account.

130TH SEMI-ANNUAL DIVIDEND.

Union Square Savings Bank

NO. 20 UNION SQUARE.

A DIVIDEND has been declared for six months ending December 31, 1910, on all deposits entitled thereto at the rate of

THREE AND ONE-HALF PER CENT.

per annum on sums from $5 to $3,000, payable on and after January 16, 1911.

Deposits made on or before January 10 will draw interest from January 1st.

FRANK M. HURLBUT, President;
WILLIAM H. ROCKWOOD, Secretary;
JOHN T. WEEKS, Cashier;
W. EMLEN ROOSEVELT, Treasurer.
Open 10 to 3, Mon. 10 to 7, Sat. 10 to 12.

Metropolitan Savings Bank

1 and 3 THIRD AVE. (opp. Cooper Institute).
CHARTERED 1852.

115th DIVIDEND

New York, Dec. 12, 1910.

INTEREST FOR THE HALF-YEAR ENDING DEC. 31, 1910, at the rate of

Four Per Cent. Per Annum

will be credited to depositors entitled thereto under the by-laws of the bank on sums from $5 to $3,000.

INTEREST PAYABLE JANUARY 18, 1911.
MONEY DEPOSITED on or before January 12 will draw interest from January 1.

JONATHAN B. CURREY, President.
EDWARD SHERER, Secretary.

CITIZENS' SAVINGS BANK

56 AND 58 BOWERY, COR. CANAL ST.

101ST SEMI-ANNUAL DIVIDEND.

The trustees have ordered interest at the rate of

Three and One-Half (3½) Per Cent.

per annum to be paid to depositors on and after January 16th on all sums of $5 and up to $3,000 which have remained on deposit for the three or six months ending December 31st, 1910, in accordance with the by-laws and rules of the bank. Money deposited on or before January 10th will draw interest from January 1st.

HENRY HASLER, President.
HENRY SAYLER, Secretary.
EMIL A. HUBER, Assistant Secretary.

WEST SIDE SAVINGS BANK

SIXTH AVENUE AND 9TH STREET.

FOUR PER CENT.

Per annum allowed on accounts of $5 to $3,000, will be credited January 1st.

Money deposited on or before January 12th will draw interest from January 1st, 1911.

Bank open Mon. & Sat. evenings, 6 to 8 o'clock.

C. O. Bigelow, Vice-Pres. W. V. Hodges, Treas.

East River Savings Institution,

280 BROADWAY, NEW YORK.
SURPLUS OVER 12%.

The 126th semi-annual dividend has been declared at the rate of

Four Per Cent.

per annum on all amounts entitled thereto, payable on and after Jan. 20th. Deposits made on or before Jan. 10th will draw interest from Jan. 1st, 1911.

D. R. RAMSAY, Pres. C. A. WHITNEY, Sec.

THE KINGS COUNTY Savings Institution

ESTABLISHED 1860.

Broadway and Bedford Avenue.

Brooklyn, N. Y., December 13th, 1910.

A semi-annual dividend at the rate of

4 Per Cent. 4% Per Annum

has been declared and will be credited to depositors, who on January 1st, 1911, may be entitled thereto, payable on and after January 16th, 1911.

All money deposited on or before January 10th, 1911, will draw interest from January 1st.

HUBERT G. TAYLOR, President.
JOHN S. McKEON, Secretary.
JACOB HENTZ, Cashier.

GERMANIA SAVINGS BANK KINGS COUNTY

375 FULTON STREET.

The trustees of this Bank have declared interest at the rate of

4%

per annum on all sums entitled thereto on December 31, 1910, payable on and after January 17, 1911.

Deposits made on or before JANUARY 12 will draw interest from JANUARY 1.

ADOLPH GOEPEL, President.
Oscar Thomaes, Treas. F. Koch, Sec.

4% BUSHWICK SAVINGS BANK

Grand St. & Graham Av.

Interest for Three and Six Months ending December 31, 1910, on sums entitled thereto, from $5 to $3,000, at the rate of FOUR PER CENT. per annum, payable after January 16, 1911.

Money deposited on or before January 10th will draw interest from January 1st.

JERE E. BROWN, President.
GEORGE J. MERKED, Cashier.
LOUIS G. BURGER, Secy.

ASSETS..........................Sixty-five Millions.
SURPLUS.........................Over Eight Millions.

The Williamsburgh SAVINGS BANK

Broadway and Driggs Ave., Brooklyn

December 8, 1910.

Notice is hereby given that on and after the Twentieth day of January, 1911, a Semi-Annual Interest at the rate of

FOUR PER CENT.

per annum will be paid to all depositors in this bank who on the First day of January, 1911, may be entitled thereto.

Money deposited on or before Jan'y 10, 1911, will draw interest from Jan'y 1.

Accounts can be opened by mail.
Send for booklet and full instructions.

H. B. TUTTLE, President.
S. M. MEEKER, Secy. WM. F. BURNS, Cashier.

Bank Open Daily, 10 A. M. to 3 P. M.
On MONDAYS from 10 A. M. to 7 P. M.

Brooklyn Savings Bank

Established 1827 — Corner Pierrepont and Clinton Streets

DEPOSITS 46 MILLIONS
Surplus January 1, 1911, Over 5 Millions

Interest at the rate of

4 PER CENT PER ANNUM

will be credited to depositors with this bank January 1st, 1911, on all sums entitled thereto (payable on and after January 20th.) Deposits made on or before January 10th will draw interest from January 1st.

BRYAN H. SMITH, President.
EDWIN P. MAYNARD, Comptroller.
LAURUS E. SUTTON, Cashier.

THE CITY SAVINGS BANK OF BROOKLYN

Corner of Flatbush and Fourth Avs.

has declared a semi-annual interest dividend on all deposits from $5 to $3,000 entitled thereto at the rate of

4 Per Cent.

per annum, payable on or after January 15, 1911. Money deposited on or before January 10 draws interest from January 1.

REMSEN RUSHMORE, President.
H. V. Raymond, Jr., Sec'y.

NEW YORK SAVINGS BANK

N. W. Cor. 14th St. and 8th Avenue.

Jan. 1, 1911, dividend at the rate of

FOUR PER CENT.

per annum on all sums from $5 to $3,000 entitled thereto under the by-laws.

DEPOSITS MADE ON OR BEFORE JAN. 10 WILL DRAW INTEREST FROM JAN. 1.

WILLIAM FELSINGER, President.
JAMES L. WANDLING, Treasurer.
ARCHIBALD M. PENTZ, Secretary.

CITIZENS' SAVINGS BANK

56 AND 58 BOWERY, COR CANAL ST.

101ST SEMI-ANNUAL DIVIDEND.

The trustees have ordered interest at the rate of

THREE AND ONE-HALF (3½) PER CENT.

per annum to be paid to depositors on and after January 16th on all sums of $5 and up to $3,000 which have remained on deposit for the three or six months ending December 31st, 1910, in accordance with the by-laws and rules of the bank. Money deposited on or before January 10th will draw interest from January 1st.

HENRY HASLER, President.
HENRY SAYLER, Secretary.
EMIL A. HUBER, Assistant Secretary.

THE BANK FOR SAVINGS

IN THE CITY OF NEW YORK.
280 Fourth Avenue, Dec. 19th, 1910.
182D SEMI-ANNUAL DIVIDEND.

The Board of Trustees has declared an interest dividend for the Six Months ending Dec. 31st, 1910, at the rate of THREE AND ONE-HALF PER CENT. per annum on all sums of $5.00 and upward entitled thereto, and payable on and after January 20th, 1911. The dividend will be credited to depositors as principal January 1st, 1911. Deposits made on or before January 10th, 1911, will draw interest from January 1st, 1911.

WALTER TRIMBLE, President.
CHARLES A. SHERMAN, Secretary.
JAMES KNOWLES, Comptroller.

EAST RIVER SAVINGS INSTITUTION.

280 BROADWAY, NEW YORK.
SURPLUS OVER 12%.

The 126th semi-annual dividend has been declared at the rate of

Four Per Cent.

per annum on all accounts entitled thereto, payable on and after Jan. 20th. Deposits made on or before Jan. 10th will draw interest from Jan. 1st, 1911.

D. S. RAMSAY, Pres. C. A. WHITNEY, Sec.

130TH SEMI-ANNUAL DIVIDEND

Union Square Savings Bank

NO. 20 UNION SQUARE.

A DIVIDEND has been declared for six months ending December 31, 1910, on all deposits entitled thereto at the rate of

THREE AND ONE-HALF PER CENT.

per annum on sums from $5 to $3,000, payable on and after January 16, 1911.

Deposits made on or before January 10 will draw interest from January 1st.

FRANK M. HURLBUT, President;
WILLIAM H. ROCKWOOD, Secretary;
JOHN T. WEEKS, Cashier;
W. EMLEN ROOSEVELT, Treasurer.
Open 10 to 3, Mon. 10 to 7, Sat. 10 to 12.

THE FRANKLIN SAVINGS BANK

Corner 8th Avenue & 42d Street

100th consecutive semi-annual dividend has been declared at the rate of Three and One-half Per Cent. per annum on all sums entitled thereto from $5 to $3,000, payable on and after January 16th, 1911.

Deposits made on or before the Tenth of January will draw interest from the 1st.

Assets - - - -	$20,947,169.44
Surplus, par values -	1,178,070.97

WM. G. CONKLIN, Pres.
J. HALLOCK WARING, Sec.

Metropolitan Savings Bank

1 and 3 THIRD AVE. (opp. Cooper Institute).
CHARTERED 1852.

115th DIVIDEND

New York, Dec. 12th, 1910.

INTEREST FOR THE HALF YEAR ENDING DEC. 31ST, 1910, at the rate of

Four Per Cent. Per Annum

will be credited to depositors entitled thereto under the by-laws of the bank on sums from $5 to $3,000.

INTEREST PAYABLE JANUARY 18th, 1911.
MONEY DEPOSITED on or before January 12th will draw interest from January 1st.

JONATHAN B. CURREY, President.
EDWARD SHERER, Secretary.

GREENWICH SAVINGS BANK

(Incorporated 1833)

S. E. Cor. 6th Av & 16th St. New York.

TWO-RATE INTEREST-DIVIDEND SIX MONTHS ENDING DEC. 31, 1910.

On all sums from $5 to $3,000 to depositors entitled to interest under the by-laws at the rate of FOUR PER CENT. per annum, on so much of every account as shall not exceed $1,000, and, at the rate of THREE AND ONE-HALF PER CENT. per annum on so much of every account as shall exceed $1,000 payable on and after JANUARY 16.

Deposits made on or before JAN. 10 will draw interest from JAN. 1, 1911.

JAMES QUINLAN, President.
CHARLES M. DUTCHER, Treas'r.
J. HAMPDEN ROBB, FRANCIS M. BACON, JR. } Secretaries.

419 [illegible]

DIVIDEND NOTICES OF THE NEW YORK AND BROOKLYN BANKS, JANUARY 1, 1911

lected, *not* accrued. After the ten per cent. limit is reached, extra dividends are provided for when the amount of the excess shall equal one per cent. of the deposits for one year next preceding.

In Connecticut, dividends are restricted to six per cent. The net income in *excess* of one-eighth of one per cent. of the deposits, *actually earned,* during the past six months may be credited. Discrimination may be made between deposits of $1,000 and less, and those over that sum, not to exceed one per cent.

New Jersey makes the maximum five per cent. The surplus is optional with the trustees, not to exceed fifteen per cent., and discrimination may be made in favor of deposits of $1,000 or less.

In Indiana, *accrued interest* may be considered an earning, and not less than one-half of one per cent. of the deposits must be carried to surplus, not to exceed, however, three per cent. Special dividends are provided for, once in three years, provided the trustees shall not be compelled to reduce the reserve below ten per cent. of deposits.

The law of 1910 in Maryland requires savings banks to reserve one-eighth of one per cent. of the deposits as surplus until the same shall equal three per cent., and the guaranty fund may *never* be impaired by the payment of dividends. The deductions made for premium account shall be made proportionate to the life of the bond (amortization under another name), and in ascertaining the amount of guaranty fund, assets shall not be appraised above *market values.*

In New York the rate shall not exceed five per cent., and the depositors are to receive all profits, less expenses, and providing for the amortization or gradual extinction of premiums or discounts on securities so as to bring them to par at maturity, and reserving such amounts *as the trustees may deem expedient as surplus fund,* not to exceed fifteen per cent. of deposits, after which extra dividends must be declared. Accounts closed between dividend periods may receive the same rate of interest as paid at the last interest day. Notice posted in the bank is notice to all of a change in rate of interest.

In Massachusetts, not less than one-eighth, nor more than one-quarter of one per cent. of the amount of deposits must be set aside as guaranty fund until the same reaches five per cent. of deposits. After deducting expenses, taxes and guaranty fund, *ordinary* dividends shall be declared every six months, from income *earned* and *collected* during the six months preceding, "except that there may be appropriated from the earnings remaining undivided after declaration of the preceding dividend an amount sufficient to declare an ordinary dividend at a rate not in excess thereof"; but the total dividends during any twelve months shall not exceed the net income of the corporation *actually collected* during the period, except with permission of the Commissioner of Banking. Deposits must remain three months. When the guaranty fund amounts to ten and a quarter per cent. of deposits after an ordinary dividend is declared, an extra dividend of one-quarter of one per cent. shall be declared on all amounts which have been on deposit six months, and one-eighth of one per cent. on deposits of three months' standing. The guaranty fund must be kept up to ten per cent.

A Few Remarks About Interest.

Coming as it does, with the regularity of Fourth of July and Christmas, the dividend work is one or, rather, two of the bookkeeping events of the savings bank year, the trial balance being the other. It probably entails more labor than the trial balance, which also comes with the same regularity although usually a month or two earlier. The latter is now a mechanical process, largely, and resolves itself into pressing the right keys and pulling a handle. The drudgery that often attended this work when adding had to be done mentally has been eliminated, and better posting and proving methods have made long hunts through six months' work to find errors no longer necessary.

But the machine has yet to be invented that will figure interest. Tables there are to be sure, in great variety, good, bad and "so-so," and these have their place; but the savings bank man should first learn how to figure interest quickly and accurately "in his head," and use the tables only after becoming proficient in this line. It is very much better to be able to sit down with a customer and figure the interest on a pad and get it as it appears on the book than to point to an interest table and say, "The book says so, and it must be correct!" The new clerk should never be allowed an interest table until he can do it with ease and despatch without leaving it to the table to help him save time, when time is valuable. For instance, we have to find interest on $796 for six months at three and one-half per cent. We have learned by experience that the interest on this amount is about $13.93; it will probably be quicker for many to find it in a table, such as Adams' of the Suffolk Savings Bank, Boston, than to figure it out by even so short a process as subtracting the interest on four dollars—seven cents—from fourteen dollars (interest on $800, which leaves $13.93—the correct amount.

This interest work must necessarily be crowded into a few days at best, since all drafts affect the interest (providing they do not come out of a non-interest-bearing deposit), and banks having five hundred drafts a day would find it no small task to keep changes up to date and correctly made. And it must be done accurately, for many depositors are able to make the computations for themselves, and accuracy is desirable even for its own sake. Some banks even go so far as to prove to an eighth of a cent as will be seen in the form and explanation of the Union Dime Savings Bank, New York, in the next number.

Estimating the Bank's Earnings.

But before proceeding to figure a dividend, or even distribute the amounts that draw interest, let us take a peek into the board room and secretary's office and review the preliminary work.

In theory, as has been said, the savings bank is supposed to pay over all its earnings to depositors; in practice, it never does, and what is more, should not. Good banking demands that there should be a surplus fund established to take care of the shrinkage in bond values and other losses that accrue to any financial concern. The present agitation in New York for a lower rate of interest is, in the last analysis, due to the fact that the banks have paid over too much of their earnings and have not set aside an adequate amount for surplus.

The expenses must, of course, first be taken out, and before any dividend can be *declared,* we must first ascertain how much the bank has earned, and how much (approximately) the dividend will be.

Note the term *earned.* Dividends should not be paid out of surplus (past earnings) but current earnings; and *receipts* do not necessarily mean *earnings;* nor do all *earnings* appear in the receipts, however much the legislatures may stipulate that only *actual* receipts shall be so used. And in these earnings we have *accrued interest.* No less authority than the Court of Appeals of New York has ruled (Bank for Savings vs. Miller, New York Savings Bank Cases, page 3) that interest accrued is an asset, and accrued interest an *earning.* The process, then, is to determine as accurately as can be done a month before the period closes just how much the bank has earned for its depositors, leaving it for the proper officers to see that it is *collected.* The income on mortgages, bonds, real estate, etc., can be figured with a considerable degree of accuracy; the only item that need be *estimated* in the earnings is the interest on daily balances for the last month; while taxes and other liabilities of the same nature (franchise tax, etc.) may be apportioned over the year by monthly distributions.

The Cost of Money.

Experience teaches that a dividend at four per cent. will not figure at four

THE BLANK SAVINGS BANK.

Scedule of Earnings and Expenses for Six Months Ending Dec. 31, 1910. (As made for Board meeting December 5.)

Earnings. ITEM No. 1.

$300,000	Mortgages at 6%	6 months	$9,000.00
200,000	Mortgages at 5%	6 months	5,000.00
200,000	Mortgages at 4%	6 months	4,000.00
20,000	Mortgages at 6%	5 months	500.00
30,000	Mortgages at 6%	4 months	600.00
50,000	Mortgages at 6%	2 months 15 days	625.00

ITEM No. 2.

$200,000	Bonds at 5 %	6 months	$10,000.00
300,000	Bonds at 4 %	6 months	12,000.00
100,000	Bonds at 3½%	6 months	3,500.00
30,000	Bonds at 4 %	3 months 15 days	350.00
50,000	Bonds at 4 %	2 months	333.33
$1,480,000			

ITEM No. 3—Income from daily balances (as per income acct.)	899.23
ITEM No. 4—December daily balances (estimated) $120,000 at 3%	300.00
ITEM No. 5—Add other items of income (interest on mortgages paid off during the period and on bonds sold, as per income account, but *not including any interest listed above as accrued)*	756.00
ITEM No. 6—Other receipts, such as rents, received and accrued from rent account	1,200.00
Total earnings from all sources	$49,063.56

Charges against income—

Expenses:

Salaries for six months	$5,200.00	
Other expenses (5 months)	3,800.00	
Reserve for taxes, etc.	1,000.00	
December expenses, unpaid bills	300.00	
		$10,300.00
Amortization for six months (explained in text)		356.89
		$10,656.89

Applicable for dividend	$38,406.67
Dividend on $1,600,000 at 3.80 (see text)	30,400.00
Excess of income (accrues to profit and loss)	$8,006.67

per cent., and the "cost of money" to the bank is considerably less. By taking the last four or five years as a guide and dividing the principal into the interest, the rate can be ascertained with enough accuracy to answer the purpose. Thus in some New York banks the rate is as high as 3.88 on a four per cent. dividend, while in others it runs as low as 3.60, depending upon the nature of the business. A large line of inactive accounts will figure much higher than a line of active, since there is little loss of interest in the former, and much in the latter. In estimating his dividend on a small deposit line of $300,000 recently, a savings bank man in New York came within seventy dollars of the correct amount.

In making up our earning sheet, it will not do to turn to income account, and finding a credit balance of, say, $10,000, assume that this amount, together with the *unpaid* interest *past due,* and *interest accrued* represents the total earnings for the period. In this account there will be found amounts that represent earnings for the previous period, as, for instance, interest on bonds due July 1—all *earned prior to that date,* but paid on July 2, and therefore do not belong in the computations *at all.* These receipts will, of course, appear in the assets as cash on hand or in bank or otherwise invested, but should not be confused with the true earnings of the period under review. More than one bank man has been deceiving himself as to his earning power by getting the same item in twice, once as collected and again as earned. Interest cannot be *paid, due* and *accrued* at the same time. Interest *due* should be *collected,* that which is accrued cannot be collected until due.

The Schedule of Earnings.

For the purpose of ascertaining the earning power of the bank at any given time, all banks should keep a list or book of investments, classified as to the rate of interest thereon, thus in Item No. 1, in the illustration on page ——, the mortgages are divided into groups at six, five and four per cent. Care must be taken not to include *for the full time* those loans that are made during the period, and which do not earn for the full period. The same is true of bonds. (Item No. 2.) These are also grouped, and interest figured at *gross* income, leaving the amortization process to adjust the amount to be reserved for premium account. Another way of arriving at the same figures, and useful where the mortgage interest is due, say, as of June 1 and December 1, is to ascertain the amount received during the period from income account, *deducting* that which was earned in a previous period, and *adding* that which is still unpaid and accrued. The overlapping of one month into a previous period makes this a more complicated process, and the better way is to determine the amount each investment or group of investments at a uniform rate has *earned* during the period, irrespective of payments made.

Items 3 and 4 (interest on balances in other banks) can be obtained from income account, and the estimated interest for the current month added. Item 5 (interest on mortgages paid at odd times, bonds sold, etc.) must also be obtained from income account. This includes interest received on mortgages satisfied and bonds sold or matured; but as above pointed out, that which belongs to another period should be eliminated. Item 6 (rents received and due) explains itself.

Against the total earnings, we have as a charge, first, the expenses, paid and to be paid; second, the half-year's proportion of taxes, State and local. These must be partially estimated. Third, the amortization of the bond premiums, which is in substance the amount chargeable against current earnings, so that the premium on the bonds will be replaced during the life of the issue. The process of determining how much this shall be for each group of bonds has already been treated in this department; but this is an important matter, and should have careful attention. If all earnings are considered *net* earnings, we shall deceive ourselves as to the true income of the bank, and declare divi-

dends out of principal, which is or should be carefully guarded against in any concern. Banks are now giving more attention than in the past to the proper determination of the true amount to set aside for amortization purposes.

Schedule "J," of the New York Banking Department Report, is intended to show the true earning power of the bank for the year under review, and embodies essentially the same ideas as above set forth: the only difference being that the dividend is known to a certainty when this is made up. Accrued interest, however, plays a most important part in this sheet. But when the New York Report is complete (and it takes no cognizance of the bank's bookkeeping system, since it calls for certain facts that must be stated irrespective of how those facts are obtained) and the banks are closed, the amount shown in the profit and loss account plus the accrued interest should equal the surplus (investment value) shown on the main sheet. This is proof that the two sets of figures, each independent of the other, are in agreement. Having ascertained what the bank has earned, what it has cost to operate it, and what the bank will be called upon to add to its deposit liabilities if it declares a certain rate, the matter is presented to the board of trustees and matter discussed pro and con, an agreement reached and a vote taken (in New York and many other States it must be by call of the roll) after which it becomes a liability of the bank. The next thing in order is to figure the same for each individual account, total it, post to the ledgers, pay it at the proper time, or enter on the books as presented, according to the direction of the depositor, all of which will be treated in our next number.

(To be continued.)

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

DRAFTS OF PROPOSED LAWS RECOMMENDED BY THE AMERICAN BANKERS' ASSOCIATION FOR ENACTMENT DURING 1911

(Continued from page 330 March BANKERS MAGAZINE)

An Act to punish the making or use of false statements to obtain property or credit.

(Wherever a Penal Code or Consolidated Law is in force, the following should be inserted as a section in its appropriate place. Where no such Code exists, the act may properly ben enacted as a new act, entitled as above.)

Be it enacted, etc.

Section 1. Any person

(1) Who shall knowingly make or cause to be made, either directly or indirectly, or through any agency whatsoever, any false statement in writing, with intent that it shall be relied upon, respecting the financial condition, or means or ability to pay, of himself, or any other person, firm or corporation, in whom he is interested, or for whom he is acting, for the purpose of procuring in any form whatsoever, either the delivery of personal property, the payment of cash, the making of a loan or credit, the extension of a credit, the discount of an account receivable, or the making, acceptance, discount, sale or endorsement of a bill of exchange, or promissory note, for the benefit of either himself or of such person, firm or corporation; or

(2) Who, knowing that a false statement in writing has been made, respecting the financial condition or

means or ability to pay, of himself, or such person, firm or corporation in which he is interested, or for whom he is acting, procures, upon the faith thereof, for the benefit either of himself, or of such person, firm or corporation, either or any of the things of benefit mentioned in the first sub-division of this section; or

(3) Who, knowing that a statement in writing has been made, respecting the financial condition or means or ability to pay of himself or such person, firm or corporation, in which he is interested, or for whom he is acting, represents on a later day, either orally or in writing, that such statement theretofore made, if then again made on said day, would be then true, when in fact, said statement if then made would be false, and procures upon the faith thereof, for the benefit either of himself or of such person, firm or corporation, either or any of the things of benefit mentioned in the first sub-division of this section;

Shall be guilty of a felony, punishable by (insert amount of fine, term of imprisonment or both).

Statement.

The above draft of act was jointly prepared in December, 1909, by Mr. Julius Henry Cohen, Counsel for the National Association of Credit Men and by General Counsel of the American Bankers' Association, and has been indorsed by both associations through their respective law committees. The general purpose of the proposed law is expressed in its title. Nearly every State has some form of statute for the punishment of offenders who obtain money or property by means of false pretenses or representations but such statutes have proved inadequate in numerous cases where frauds have been perpetrated in connection with false statements of condition and experience has shown that a special statute upon this particular subject is necessary. The present draft is broad enough to cover all cases of the making of false written statements to procure property or credit in any form, including cases where such statements are made directly to the one from whom property or credit is sought, as to a merchant or to a bank, or indirectly, as where made to a mercantile agency or a note-broker to be used as a source of reliance by the banker who loans money and purchases paper or by the merchant who sells goods. Furthermore, it aims at the person who makes the statement or causes it to be made, whether such person seeks the credit for himself or for any other person, firm or corporation. Sub-division 1 punishes the mere making of a false statement in writing, with intent that it shall be relied on, for the purpose of procuring credit; sub-division 2 punishes the person who procures property or credit upon the faith of a false statement, such person not necessarily being the one who made the statement; and sub-division 3 punishes the person who falsely represents, either orally or in writing, that a previous written statement is true with respect to present financial condition and thereby procures credit.

In 1908 a draft of act was prepared by General Counsel on this subject designed primarily to cover bank credits. This act was passed in several of the States. It having been urged that a law of this kind should more properly apply to everybody that extended credit; that it should cover mercantile as well as bank credits; and, furthermore, that the scope of such legislation should be extended to cover statements made to mercantile agencies, the above (1909) draft was therefore prepared and is now recommended.

Enactments of 1908 Draft.

The 1908 draft, formerly recommended, with the States in which it has been enacted, either substantially or with certain changes, is published below:

"Any person who, either individually or in a representative capacity

"(1) shall knowingly make a false statement in writing to any person, firm or corporation engaged in banking or

other business respecting his own financial condition or the financial condition of any firm or corporation with which he is connected as member, director, officer, employe or agent, for the purpose of procuring a loan, or credit in any form or an extension of credit from the person, firm or corporation to whom such false statement is made, either for his own use or for the use of the firm or corporation with which he is connected as aforesaid, or

"(2) having previously made, or having knowledge that another has previously made, a statement in writing to any person, firm or corporation engaged in banking or other business respecting his own financial condition or the financial condition of any firm or corporation with which he is connected as aforesaid, shall afterwards procure on faith of such statement from the person, firm or corporation to whom such previous statement has been made, either for his own use or for the use of the firm or corporation with which he is so connected, a loan or credit in any form, or an extension of credit, knowing at the time of such procuring, that such previously made statement is in any material particular false, with respect to the present financial condition of himself or of the firm or corporation with which he is so connected, or

"(3) shall deliver to any notebroker or other agent for the sale or negotiation of commercial paper any statement in writing, knowing the same to be false, respecting his own financial condition or the financial condition of any firm or corporation with which he is connected as aforesaid, for the purpose of having such statement used in furtherance of the sale, pledge or negotiation of any note, bill or other instrument for the payment of money made, or indorsed or accepted, or owned in whole or in part, by him individually or by the firm or corporation with which he is so connected, or

"(4) having previously delivered, or having knowledge that another has previously delivered to any notebroker or other agent for the sale or negotiation of commercial paper, a statement in writing respecting his own financial condition, or the financial condition of any firm or corporation with which he is connected as aforesaid, shall afterwards deliver to such notebroker or other agent for the purpose of sale, pledge or negotiation on faith of such statement, any note, bill or other instrument for the payment of money made, or indorsed, or accepted, or owned in whole or in part, by himself individually or by the firm or corporation with which he is so connected, knowing at the time that such previously delivered statement is in any material particular false, as to the present financial condition of himself or of such firm or corporation,

"shall be guilty of (felony or misdemeanor) and punishable by fine not exceeding one thousand dollars or imprisonment not exceeding five years, or both."

1909 Michigan: No. 15. Enacts law drafted in 1908 as above. Makes crime a misdemeanor, with not more than $500 fine, not exceeding six months in county jail, or both fine and imprisonment, in the discretion of the court.

1909 Montana: Chap. 96. Enacts law drafted in 1908 as above. Fine not exceeding $1,000, or imprisonment not exceeding five years, or both.

1909 New Mexico: Chap. 93. Enacts sub-divisions (1) and (2) of law drafted in 1908 and omits sub-divisions (3) and (4). Sub-divisions (1) and (2) same as above except that words "engaged in banking or other business" eliminated from each of said sub-divisions. Fine not exceeding $1,000 or imprisonment not exceeding five years, or both.

1909 Minnesota: Chap. 431. Enacts law drafted in 1908, changing above draft to read as follows:

"Any person who, either individually or in a representative capacity

"(1) shall knowingly make a false statement in writing to any person, firm or corporation engaged in banking, or to any savings bank or trust company, respecting his own financial condition or the financial condition of any person,

firm or corporation for the purpose of procuring a loan, or credit in any form or an extension of credit from such person, firm or corporation to whom such false statement is made, either for his own use or for the use of any person, firm or corporation, or

"(2) having previously made, or having knowledge that another has previously made, a statement in writing to any person, firm or corporation engaged in banking, or to any savings bank or trust company, respecting his own financial condition or the financial condition of any person, firm or corporation, shall afterwards, on the faith of such statement, procure from such person, firm or corporation to whom such previous statement has been made, either for his own use or for the use of any person, firm or corporation, a loan or credit in any form, or an extension of credit, knowing at the time of procuring the same that such previously made statement is in any material particular false, with respect to the financial condition of himself or of any firm or corporation, at the time of procuring such loan, credit or extension of credit, or

"(3) shall deliver to any notebroker or other agent for the sale or negotiation of commercial paper, to any person, firm or corporation engaged in banking, or to any savings bank or trust company, any statement in writing, knowing the same to be false, respecting his own financial condition or the financial condition of any person, firm or corporation, for the purpose or with the intent of having such statement used in furtherance of the sale, pledge or negotiation of any note, bill or other instrument for the payment of money made, or indorsed or accepted, or owned in whole or in part, by him individually or by any person, firm or corporation, or

"(4) having previously delivered, or having knowledge that another has previously delivered to any notebroker or other agent for the sale or negotiation of commercial paper described in the preceding sub-divisions, a statement in writing respecting his own financial condition, or the financial condition of any person, firm or corporation, shall afterwards deliver to such notebroker or other such agent for the purpose of sale, pledge or negotiation on the faith of any such statement, any note, bill or other instrument for the payment of money made, indorsed, accepted, or owned in whole or in part, either by himself or by any person, firm or corporation, knowing at the time that such previously delivered statement is in any material particular false, as to the present financial condition of himself or any person, firm or corporation,

"shall be guilty of a gross misdemeanor and punishable by fine not exceeding one thousand dollars or imprisonment not exceeding five years, or both."

1909 Tennessee: Chap. 509. Enacts law drafted in 1908, eliminating sub-divisions (3) and (4) and changing sub-divisions (1) and (2) and the penalty.

The act as passed reads as follows:

"Section 1. That any person who, either individually or in a representative capacity, shall knowingly make a false statement in writing to any person, firm or corporation respecting his own financial condition or the financial condition of any firm or corporation with which he is connected as member, director, officer, employee or agent, for the purpose of procuring credit in any form or an extension of credit already given, or to be used as a basis for credit, either for his own use or for the use of the firm or corporation with which he is connected as aforesaid, or having previously made, or having knowledge that another has previously made, a statement in writing to any person respecting his own financial condition or the financial condition of any firm or corporation with which he is connected as aforesaid, shall afterwards procure on the faith of such statement either for his own use or for the use of the firm or corporation with which he is so connected, credit in any form, or an extension of credit already given, knowing at the time of such procuring, that such previously made statement is in any material particular false, with respect to

the financial condition of himself or the firm or corporation with which he is so connected, shall be guilty of a misdemeanor.

"Section 2. Be it further enacted that any person, firm or corporation guilty of violating the provisions of this act shall be punished by a fine of not less than fifty dollars for each offense and by imprisonment in the county workhouse for a period of not less than thirty days and not more than six months."

1909 ILLINOIS: Section 97 of the Criminal Code amended, as follows; new matter in italics, words eliminated in brackets:

"Section 97. Whoever by any false representation in writing of [his own] *the* respectability, wealth [or] mercantile correspondence or connections, *or assets or liabilities of himself, or of any firm of which he is a member, or whoever, being an officer of a corporation, by any false representation in writing, known by him to be false and signed by him, of the respectability, wealth, mercantile correspondence or connections, or the assets or liabilities, or any or all of them, of such corporation,* obtains credit *for himself, for such firm or for such corporation,* and thereby defrauds any person of money, goods, chattels or any valuable thing, or whoever procures another to make a false report in writing, signed by the person making the same, of [his] *the* honesty, wealth, mercantile correspondence or connections, *or assets or liabilities of himself, or of any firm of which he is a member, or whoever, being an officer of a corporation, procures another to make a false report in writing, known by him to be false, signed by the person making the same, of the honesty, wealth, mercantile correspondence or connections, or assets or liabilities of such corporation,* and thus obtains credit *for himself, for such firm or for such corporation,* and thereby defrauds any person of any money, goods, chattels or other valuable thing, shall be sentenced to return the money or property so fraudulently obtained, if it can be done, and shall be fined not exceeding $2,000 and confined in the county jail not exceeding one year."

An Act concerning notaries public who are stockholders, directors, officers, or employees of banks or other corporations.

Be it enacted, etc.

Section 1. It shall be lawful for any notary public who is a stockholder, director, officer or employee of a bank or other corporation to take the acknowledgment of any party to any written instrument executed to or by such corporation, or to administer an oath to any other stockholder, director, officer, employee or agent of such corporation, or to protest for non-acceptance or non-payment bills of exchange, drafts, checks, notes and other negotiable instruments which may be owned or held for collection by such corporation: Provided, it shall be unlawful for any notary public to take the acknowledgment of an instrument by or to a bank or other corporation of which he is a stockholder, director, officer, or employee, where such notary is a party to such instrument, either individually or as a representative of such corporation, or to protest any negotiable instrument owned or held for collection by such corporation, where such notary is individually a party to such instrument.

STATEMENT.

This proposed law was drafted by General Counsel in December, 1908, and is designed to qualify notaries who are stockholders, officers or employees of banks to take acknowledgments, or make protests of paper in which the bank is interested, or administer oaths to other officers of the bank. The main purpose of the proposed law is to qualify the notary, where a stockholder, to take acknowledgments of instruments running to the bank or to make protests of the bank's paper. Where the notary is an officer or employee, but not a stockholder, he is generally held competent to perform these acts; but where a stockholder, a majority of the courts which have passed upon the question (a

minority to the contrary) hold him disqualified to take acknowledgments because of his proprietary interest in the bank to which the instrument runs. In many of the smaller banks throughout the country, frequently the only notary available is the cashier of other officer, who is often, also a stockholder. Reasons of convenience, therefore, underlie the proposed law. The doctrine of some courts that a stockholder is disqualified to act as notary for a bank or other corporation in which he holds stock is based on the impropriety of one having a pecuniary interest acting in such capacity in the bank's behalf; but the theory of impropriety is negatived by the fact that some courts hold the notary competent in such cases, and that several States legislatures have validated past acts of this character.

ENACTMENTS.

1909 MICHIGAN: No. 18. Enacts above, with a few unsubstantial changes.

1909 MONTANA: Chapter 77. Enacts above.

1909 NEW JERSEY: Chapter 114. Enacts above, but eliminates the provisions covering acknowledgments, confining the act to the administering of oaths and protesting of negotiable instruments. Words omitted are: "To take the acknowledgment of any party to any written instrument executed to or by such corporation, or;" also in proviso, which makes it unlawful for the notary to do certain acts, the following words are omitted: "To take the acknowledgment of an instrument by or to a bank or other corporation of which he is a stockholder, director, officer or employee, where such notary is a party to such instrument, either individually or as a representative of such bank or other corporation, or"

1909 WYOMING: Chap. 142. Enacts above, with a few unsubstantial changes.

(To be continued)

RECENT DECISIONS OF INTEREST TO BANKERS

PROMISSORY NOTE—INDORSEMENT PROCURED BY ILLEGAL INDUCEMENTS—RIGHTS OF PAYEE.

FORD *vs.* SHAPIRO.
SAME *vs.* ZELIG.

SUPREME JUDICIAL COURT OF MASSACHUSETTS, NOV. 22, 1910.

The indorsers of a promissory note are liable to the payee, though the maker procured such indorsements by unlawful inducements, unless it is shown that the payee was in some way responsible for such inducements.

THESE were actions to recover of the respective defendants as indorsers of notes given by John B. Holtz, and indorsed before their delivery to the plaintiff.

The evidence offered and excluded was competent to show that the defendants made their indorsements in consequence of the unlawful inducements held out to them by Holtz; but it did not tend to show that the plaintiff was in any way responsible for those inducements. It could not have altered the finding of the plaintiff's innocence of any unlawful conduct. It was not material under what inducements the defendants acted unless the plaintiff was in some way responsible therefor. (Hudson vs. Miles, 185 Mass. 582, 586, 587.)

ASSESSMENT UPON STOCKHOLDERS—LIEN UPON STOCK —RIGHTS OF PLEDGEES.

CORBIN BANKING COMPANY *vs.* MITCHELL.

COURT OF APPEALS OF KENTUCKY, DEC. 14, 1910.

The Secretary of State having ordered a bank whose capital was impaired to make good the impairment by assessment upon the stockholders, the board of directors laid such an assessment and adopted a by-law giving the bank a lien on the shares of a

stockholder on the non-payment of the assessment: *Held*, that the by-law was valid and that the lien could be enforced against a pledgee of the stock.

CARROLL, *J.* (omitting part of the opinion): A great deal is said in the record about the right of the bank to establish the by-law which it did, and our attention is called to a number of authorities holding that directors have no authority to adopt by-laws that will prejudice in any way the rights of pledgees of stock or persons who take it without notice of the by-laws. We do not, however, think it necessary to go into an extended discussion of the power of banks or corporations to establish by-laws. It may, however, be freely admitted that a bank would have no right to establish or enforce a by-law giving it a lien upon the stock to secure a debt due to it by the shareholder, if doing this would prejudice the rights of a pledgee in good faith.

But that question is not here. The by-law adopted by the board of directors of the appellant bank was not adopted for the benefit of the stockholders, or to save the bank from loss on a contract obligation. It was made to carry out the direction of the Secretary of State. It was made for the benefit of and to protect the public who were creditors and depositors of the bank, and as a means by which this might be done. When the Secretary ordered the assessment, it became the duty of the board of directors to adopt such measures as were necessary to comply with the order.

It was obliged to take some action, and it seems to us that the action it took was reasonable and fair to all of the shareholders, as well as to persons not shareholders but who were in possession of stock. It gave to each shareholder or pledgee of stock ample opportunity to elect whether he would pay the assessment or surrender his stock, although, of course, a solvent shareholder could not escape the assessment by surrendering his stock. But a pledgee, not being legally bound to pay the assessment, could surrender the stock in his possession, and thus relieve himself from all liability.

AGREEMENT AS TO SUBSTITUTION OF ONE CHECK FOR ANOTHER—RIGHT TO SUE ON ORIGINAL CHECK.

AMERICAN AUTOMOBILE COMPANY vs. PERKINS.

SUPREME COURT OF ERRORS OF CONNECTICUT, NOV. 1, 1910.

Where a check is delivered for value upon the understanding that the drawer may substitute another check therefor, his failure to send the other check within a reasonable time will warrant a suit by the holder upon the original check.

THIS was an action upon a check in the following form:

"Connecticut River Banking Co.,

"Hartford, Conn., March 11, 1909. No.

"Pay to the order of American Automobile Co. \$500.no/100 Five Hundred and no/100 .... Dollars.
38 State Street & 124 Massachusetts Ave.

"THOMAS C. PERKINS."

HALL, *C. J.* (omitting part of the opinion): First. The facts found show such a delivery of the check as entitles the plaintiff to sue upon it. The proposed substitution of a numbered check for the one given was a trivial matter which was evidently not intended to change in any essential respect either the check given, or the rights of the parties under it. At the most it only gave the defendant the privilege of postponing payment of the \$500 for such reasonable time as would enable him to send a numbered check. He has never attempted to avail himself of this privilege, although he has had ample time to do so. The court has found that the parties intended that the check delivered could be collected if a substitute check should not be sent. It is apparent that the defendant could have sent the substitute check had he wished to, as early as March 13, when he wrote the plaintiffs. The original check was not presented for payment until March 15, and payment was not attempted to be enforced by suit until April 1. As a matter of fact the defendant decided as early as March 13 not to send the substitute check, but to attempt to revoke the agreement.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department

CHECK LOST IN MAIL

NORFOLK, VA., February 7, 1911.

Editor Bankers Magazine:

SIR: Referring to your answer to an inquiry from a Leechburg bank regarding a check lost in transit between Alexandria and the paying bank, do you mean to say that if a letter containing checks is lost in the mails, the bank mailing it has no recourse to its depositor. If so, what would be the result of a similar case if the depositor had used a deposit ticket like the enclosed? Assistant Cashier.

Answer: The deposit slip inclosed by our correspondent had the following printed upon the face thereof: "Items received as cash, or for collection, subject to conditions printed on back of this ticket." The conditions printed upon the back are:

"Items payable out of town, whether credited upon receipt or not, are received and collected only at the risk of the depositor. We do not guarantee the banks to which we send such items, and in collecting them this bank acts only as your agent, and the responsibility for such, must remain with the depositor until the bank has received final actual payment of check sent us in return for same."

In such a case, it is plain that the depositor expressly takes the risk upon himself, and hence, if the check should be lost in the mail, the bank, if it has given any provisional credit for the same, could cancel this credit.

CERTIFICATE OF NOTARY AS EVIDENCE — ILLINOIS STATUTE

PEORIA, ILL., February 28, 1911.

Editor Bankers Magazine:

SIR: We are advised that the effect of the repeal by a provision of the Negotiable Instruments Law, in effect in this State July 1, 1907, of sections ten and eleven of an act to provide for the appointment, qualification and duties of notaries public and certifying their official acts, approved April 5, 1872, in force July 1, 1872, and the failure to provide any statute in their place is that "The certificate of a foreign notary as to presentment and demand for payment and notice of dishonor is incompetent to establish or tend to establish such facts as to a promissory note although evidence of them as to a foreign bill of exchange" as laid down in Vaughan vs. Potter, 131 Illinois, App. 334.

We are further advised that as a result of this statutory deficiency the holder of a promissory note, check or inland bill of exchange would be under the necessity of proving presentment, demand, dishonor and notice of dishonor by depositions in case of a contest of a claim of indorser's liability.

If this opinion is correct it is a matter of grave importance and in our opinion some steps should be taken to bring about aditional legislation, and if you consider it of sufficient interest for treatment in the department devoted to replies to law and banking questions, we shall be pleased to see your reply there.

Yours truly,

Assistant Cashier.

Answer: If any such a mistake was made by the Legislature of Illinois, it should, of course, be corrected immediately. The original draft of the Negotiable Instruments Law contained a repealing provision as follows: "The laws or parts thereof specified in the schedule hereto annexed are hereby repealed"; but no schedule was annexed to the draft, for the reason that it would be different in every State; and the intention was that each Legislature should fill out the schedule as the circumstances should require. The mistake to which our correspondent refers occurred, no doubt, by including in the schedule a former statute of Illinois which should have remained in force, since the subject-matter is not covered by anything in the Act. We apprehend, moreover, that this is not the only particular in which the Act as passed in Illinois will be found defective; for the Legislature of that State changed it in many respects from the form as adopted in the other States, and some of these changes have introduced rules that will be found very inconvenient in practice. In fact, most of the amendments adopted in Illinois had been proposed

to the General Conference of Commissions on Uniform Laws, and, by a unanimous vote of some twenty odd commissioners, had been rejected as undesirable.

CERTIFICATE OF DEPOSIT PAYABLE IN THE ALTERNATIVE

APPLETON, WIS., March 1, 1911.

Edior Bankers Magazine:

SIR: We have been in the habit of receiving money on deposit and isuing Certificates of Deposits in the following form: "John Doe and Jane Doe have deposited ——— payable to the order of John Doe or Jane Doe on return of this certificate properly endorsed."

We have paid such certificates on endorsement of either John Doe or Jane Doe, without reference as to whether one or both of the parties were living, when such payment is made.

Will you kindly give us your opinion as to whether our action in the payment to either party is legal should the other party be dead. CASHIER.

Answer: A certificate of deposit in the usual form is a negotiable instrument, and the Negotiable Instruments Law provides that such an instrument may be drawn to "two or more payees jointly, *or one or some of several payees.*" (Wis. Act, Sec. 1675-7.) Where the paper is thus made payable in the alternate, the obligor may discharge the same by payment to either payee because this is the very thing stipulated for. Nor is this contractual right on the part of the obligor affected by the death of one of the payees. The rights of the payees as between themselves may have been such that the survivor may have to account to the estate of the deceased payee; but this is not a matter which concerns the bank.

PRACTICAL BANKING

HOW TO KEEP BANK DIRECTORS ACTIVE

By Harvey G. King

IN order that a financial institution may gain and keep the confidence of the public, two things are essential. First: That the gentlemen comprising the board of directors be qualified through long business training and moral standing to act as directors, and, secondly, that they fulfill the trust placed in them to the best of their ability.

Ofttimes we find a bank director who heedlessly casts aside his oath of office and plays havoc with the confidence and trust the public have placed in him.

Attending a board meeting once a month and listening to the secretary read the minutes of the previous meeting, together with a report of the bank's financial condition, offers no special enchantment to the average bank director; neither does the reading of a long list of names representing the bank's recent borrowers arouse any special interest in the minds of the directors in regard to the bank's welfare. The institutions that derive the most good and show the largest deposit gains are those that keep their directors interested by putting them to work.

Sometime ago, the Comptroller of the Currency issued an order whereby the board of directors were asked to be in attendance at the bank during the examination by his staff of examiners. If this order can be enforced it will mean that the directors must familiarize themselves with the bank's affairs, not merely as to the amount of assets and liabilities, but as to the character of the bank's customers and borrowers and the financial standing of the borrowing public, and the general inside condition of affairs.

The active officials of a financial in-

stitution should be on the alert for directors who display a tendency to be inquisitive. Live directors are what a live bank should desire. If the directors are to be held responsible for the financial condition of the bank they represent, it is their duty to familiarize themselves with the work of the institution, and to devote a small portion of their time in the bank's behalf.

Another point not to be overlooked by those in active charge of the affairs of the bank is this: Always encourage the directors to advertise their institution. I recall a number of cases whereby friends of certain directors opened accounts in other banks than their own, not knowing at the time that their director friends were interested in finance.

Make the board meetings interesting, even though it take an extra ten or fifteen minutes. Impress upon the directors the important part they play in the bank's welfare. Show them they are the hub of the wheel, not merely the spokes. Start them working for the institution and the institution will work for them in the form of larger interest dividends.

THE REGISTRATION OF COMMERCIAL PAPER

By Hy. R. Wohlers, of Guaranty Trust Co. of New York

ANNOUNCEMENT was recently made by a large corporation that its notes offered for discount in the market will be registered by a certain trust company. In other words, in view of the false statements made now and then by seemingly reputable concerns as to the amount of their liability in this form of indebtedness and the consequent suspicion aroused, though perhaps unjustly, concerning other paper, and for the purpose of increasing confidence, this corporation has of its own accord decided to fully inform the noteholders of the extent of such paper outstanding.

The cost of registering is very low, depending upon the amount and the frequency of issue. It is the duty of the registrar of the note to keep a record of the facts embodied therein, and to certify on the note that it is a note, or one of a series of notes, of the maker. The registrar will at all times be able to furnish inquirers with accurate information as to the date of issue, the amount, the maturity, the signature, and the endorsement. Contrary to the belief of some, the registrar does not note the rate of discount at which the note is sold, nor does it record the name of the purchaser. It is solely interested in warranting as genuine, but not guaranteeing, the notes that are registered.

The advantages to be gained are twofold: To the purchaser of paper, it will afford an opportunity of quickly and accurately checking; and it will help the maker of the note in this way. There are times when the credit departments of large purchasers of paper are exceedingly busy checking the standing of the drawers of paper previously purchased, and it is necessary to go slowly in making additional purchases. Brokers are often obliged to leave paper under option for a week or longer for the purpose of having the purchasers assure themselves of the amount of notes outstanding, only to learn after all that they do not care to discount by reason of the fact that they believe too much is outstanding. Had the note been certified, this fact could have been ascertained from the registrar to their satisfaction or dissatisfaction within an exceedingly short time, and would save the seller of the note a possibly unfavorable change in the money market. By the old method, it is sometimes exasperating, where pieces of small amounts are widely distributed, to investigate to the true end; by the new method, one inquiry will settle all doubt.

Further, to realize the importance of registering commercial paper and consequently enabling credit dispatch, everyone should now bear in mind the contemplated use of commercial paper as a basis for currency as outlined in the plan of Senator Aldrich for a National Reserve Association. Who can tell, if this plan is effected, that the managers will not require certified proof? Most assuredly, every safeguard and precaution will be taken.

Now is the time to begin certifying. It may some day earn an enviable reputation, and it is a step in the right direction.

THREE REQUISITES OF THE SUCCESSFUL BANK

PROGRESSIVENESS in banking is marked by education, service, convenience and accommodation.

Education means advertising and a reaching out for business that will make of each individual a bank depositor. Service means high class men, modern equipment and up-to-date methods. Convenience means waiting rooms, reading rooms, writing rooms, telephones and all those things that go to make a place of business of some practical, every-day use to the public. Accommodation means the extension of credit for all honest, legitimate and practical purposes, and the financing of those projects which go to make a city prosperous.

Too much emphasis cannot be laid upon the matter of convenience. Progressive bankers are constantly adopting new ideas in their endeavor to cultivate a friendly feeling for their institutions. And this is as it should be.

Out in Illinois, the First National Bank of Joliet has so arranged that anyone who comes into the bank may retire to the public room and there in privacy look after their correspondence. The bank even maintains a post-office department, at which stamps may be secured. This may seem to be quite a small matter, but it really shows that the bank's officers are sincere in their efforts to please their friends.

Such little courtesies are always very greatly appreciated and tend to promote business and inspire confidence. It should be the policy of every bank to look after these little details that mean so much to their future growth and expansion.

NEW YORK STATE SAVINGS BANKS

CONTINUED improvement is shown in the report of the savings banks of New York State, as revealed in the statement issued by the Banking Department, February 19. An increase of $66,733,925 in assets, bringing the total up to $1,695,650,793. The increase in the amount due depositors for the year 1910 was $59,484,199, bringing the total deposits up to $1,542,933,693. The amount of interest credited for 1910 was $54,582,884, making the net gain over the counter $4,901,315.

The following comparative figures will show the increase for the past three years:

	1908	1909	1910
Gain in resources	$71,314,869	$92,306,320	$66,733,925
Gain in deposits	16,044,237	89,006,166	39,484,199

Deposits January 1, 1908	$1,380,399,090
Deposits January 1, 1909	1,396,443,327
Deposits January 1, 1910	1,483,449,494
Deposits January 1, 1911	1,542,933,093

INVESTMENTS

Conducted by Franklin Escher

OPPORTUNITY

A SUGGESTION TO INVESTORS

By George D. Baker, of W. E. Hutton & Co.

BECAUSE they are so frugal, the French people, as a people, are the richest in the world. They are continually and persistently saving; they invest their savings in securities; their money never is idle; it is always working.

Securities in France are in the hands of the people and are thus steadied by being so widely distributed. They are in small denominations, and can readily be bought outright by persons of small means.

The French people have no advantage over our own people in their opportunities to obtain absolutely safe investments. Standard dividend-paying securities can quite as readily be purchased here in small lots. The facilities and protection of the New York Stock Exchange are as available for the man or woman with a few hundred dollars to invest as they are for those who invest large amounts. Small lots can be purchased at virtually the same prices as large lots. Purchases are in no sense a matter of gambling; they are purely a feature of sane investment.

The Large Operator.

The large operator does not have on hand, at the time of making a purchase of, say, 1,000 shares, the full amount of money to pay for the same. But he has sufficient to make part payment; and his broker, by means of bank loans for which the shares are deposited as security, secures the additional funds necessary to pay the full amount of the purchase. When he desires to "take up" these shares, he pays off this balance; he really owns the 1,000 shares from the moment they are purchased for his account by his broker. The dividends he receives on the 1,000 shares are as a rule not alone sufficient to pay the interest on the borrowed money but also on the money he himself has invested. Thus standard investment stocks frequently "carry themselves," and when purchased at low prices give to the investor not alone the regular dividends but the added profit of any advance in value of the securities.

The Small Buyer.

What can be done with 1,000 shares by a wealthy operator can be accomplished quite as safely and quite as readily by a small investor who feels that he can afford to purchase, say, one, five, ten or fifty shares. The system and principle are identical. He can give his order to purchase any stock which he considers cheap and desirable. While transactions in a minimum of 100 shares only are officially quoted, odd lots are actively dealt in. He pays ten dollars or fifteen dollars a share as part payment, and the broker advances at the prevailing rate of interest the balance of the cost of the stock. As the purchaser "saves" he can each month pay off a portion of this balance, and is at liberty at any moment to pay off the full amount and "take up" his certificates. Meanwhile, from the moment the broker purchases the securities for his account they are his; as dividends accrue they are sent to the broker for his account and will be credited as part payment on the unpaid balance or remitted to him, according to arrangement. Should the market advance to show a profit before the securities are "taken up," the purchaser can order them sold at once and thus secure the profit of the transaction. Should the market decline to a point below that covered by his payments, the purchaser

would be called upon to make another payment in order that the balance borrowed upon his stock would be well secured.

These purchases are not "speculation" in the loose meaning that is frequently given the word; they are investment buying and constitute a method of saving money in a way that as it becomes more general, means a richer and more frugal nation. This Odd Lot investment movement which has such great possibilities is as yet in its infancy in this country, and its rapid development means much for the underlying strength and steadiness of American securities.

Stocks as Investments.

Well-informed investors recognize the stability of dividend-paying stocks of a number of our railroad and industrial companies. Accurate information is available regarding the operation of these companies, from which the merit of the stocks, from an investment point of view may be judged. There is no occasion for purchasing blindly or at random, stocks or bonds which are not well established. There are facilities for knowing those that are good. Issues may be selected which are recognized by the investing public as being reliable as to dividends. The income is larger than that obtained from bonds, and there is likely to be a further increment from the advance in market value; in fact, it is reasonable to expect that the advance within a year or two will be greater than the amount of the dividends. The consensus of opinion of the larger investors of this country and Europe is that the first-class railroad stocks are entirely suitable for conservative investment. One institution in New York held, among its investments on June 30th last, stocks having a market value of $47,029,008. In a special report regarding its investments made by the company's general counsel, Judge James McKeen, the latter says:

"It seems apparent that dividend-paying stocks of a certain kind are even safer than are bonds. Any loss in value due to the diminishing purchasing power of gold falls upon the bondholder, whereas such loss in the case of stock is recouped by the increase in selling value."

The constant increase in the value of properties is reflected in the increase in market value of the stock. Upon making sales of stocks between June 1st, 1906, and June 1st, 1910, aggregating in book value $15,345,001.88, the above company applied $2,660,262.32 to reducing the book value of the balance of its stocks on hand, and credited to its profit account $10,060,197.61, having realized an income within the period mentioned of eighty-three per cent. in addition to the usual dividends.

As dividends upon stocks are not fixed they may increase in amount in the same proportion as the increase of commodities, while the holder of bonds has a fixed income and an increasing cost of living.

Instalments.

The only requirement in opening an account is the deposit of sufficient money to make the first payment, and it is worth while remembering that the greater the amount deposited, the less the amount upon which interest will have to be paid.

The first payment on stocks selling below fifty need only be five dollars per share; on stocks selling between fifty and 100, ten dollars per share on stocks selling between 100 and 200, fifteen dollars per share. Subsequent payments may be made on account at any time of any amounts desired, the maximum amount required being that which will insure that the loan is secured.

Bonds may be purchased upon the same terms as purchases of stock; bonds being of $1,000 denomination the amount of one bond is equivalent to ten shares of stock. A first payment of fifty dollars would be sufficient upon purchase of $1,000 bond.

The commission charge for buying is one-eighth of one per cent. of the par value, or $1.25 for ten shares of par

value of $100, with a minimum charge of one dollar. There is no other charge.

An important advantage in investing in odd lots is that of distributing the amount invested among a number of items, instead of placing a given amount in one security, not only on account of the conservatism of such scattering of the risk involved, but in being able to take additional amounts of the same items if the market should decline after the original purchase.

BONDS BASED ON NATURAL RESOURCES

By Charles F. Fishback, President Porter, Fishback & Co., Bankers, Chicago

As the attention of the bond house with which I am connected has been largely directed for the past two or three years to bonds based on the natural resources of the country, it is but reasonable to suppose that the various phases of the present market as affecting this kind of bonds should have received from us more attention than has been given to them by others. It is knowledge of this fact, perhaps, rather than any superior knowledge on the general subject of bonds as an investment, which accounts for a request to me to write an article giving our views upon the above entitled subject.

Why Bonds Have Suffered.

It is well known that all classes of bonds have suffered from the conditions which have prevailed during the past year. Bond houses generally have complained of a lack of demand for bonds by the investing class, and various reasons have been assigned to account for it. Many say that enormous sums of money have been diverted from the usual channels and have been put into speculation in Western lands. Others claim that the high cost of living has led the great mass of investors to forsake the usual rates of interest with which they have been familiar and content, and have invested their money in bonds paying a higher rate but which in many instances were not based on adequate security; that it was natural and reasonable to suppose that these companies putting out such bonds would go "on the rocks," as the familiar expression is, and that the losses resulting therefrom have disgusted and unsettled a large class of investors.

I have not claimed, nor do I now claim, that bonds based on natural resources possess peculiar virtues which other securities need not possess, but I do claim that if carefully examined

they will be found to possess certain elements of safety which will redound to the confidence and profit of the community or class investing in them.

Natural Resources.

The natural resources of the country are primarily connected with the land itself. Gas, electric light, power, timber, coal, oil, iron, copper,—all these primarily depend upon the earth itself and constitute varied resources which enrich and render attractive different sections of our country. Projects having for their purpose the use of these natural resources for the benefit of the people are therefore based on the natural resources of the country, and bonds issued thereon to such amount as is consistent with safety and with adequate security ought to be and are, of interest,—first, to the immediate community where the natural resources are found, whereby a great portion thereof are benefited, and,—secondly, to the capitalist, wherever he may be, who wishes an adequate and safe return for money invested. The demand for the use of these natural resources and their supply in sufficient quantity by different portions of our great country, is what has made America interesting to the foreign investor who, lacking these great supplies constituting natural resources, has been compelled to look to America as a source of supply.

Recently bonds of the same general class have been issued for the purpose of irrigating large tracts of the arid lands of the West, and these have come into active competition with all the rest. So attractive have been these bonds, by reason of high interest rates and large earning power, that many impossible projects have been undertaken with a resultant loss of prestige to the bond houses putting them out, and loss of money to the investors putting it in, and there has been an organized effort in some quarters to turn the attention of the public away from this class of bonds on account of particular instances in which losses have resulted. Now, it is probable that if the history of any other class of bonds were traced back to its early stages, the same illustrations might be found of losses resulting from lack of knowledge or bad management. Of one thing I am assured: our country will never see a return to the low interest rates of the past, when any private or quasi-public corporation, however high its credit, can put out a security to be eagerly taken by the public of our country at three or three-and-one-half per cent., the proceeds thereof to be invested in other properties paying six per cent. and upwards. I merely state as my conclusion that if proper safeguards are used in the selection of irrigation bonds they will be found to respond as well to the demands of the conservative investor as any other class of bonds issued in any community.

The Outlook.

With the accumulation of cash in the banks and easy money rates the attention of the investing public is again

turned to bonds, and it is probable that the coming year will be a good year for the bond houses. Already the demand has greatly improved, and there is every indication that all along the lines above mentioned legitimate investment will resume its sway and will take the place of the mad rush to speculate.

PUBLIC SERVICE CORPORATION BONDS

AN AUTHORITATIVE DESCRIPTION OF A CLASS OF SECURITY WHICH IS GAINING RAPIDLY IN INVESTORS' FAVOR

DISCUSSING public service corporation bonds, Messrs. N. W. Halsey & Co. say:

The past fifteen years have witnessed an extraordinary growth in the popularity of public service corporation bonds. The explanation is not difficult to find. The increased prestige of the bonds of public utility companies has been the logical result of the satisfactory experience of those investors who, through conservative and reliable bankers, have, over a period of years, been buyers of bonds of this character. The best friends of the public service corporation bonds—or corporation bonds as they are known for the sake of brevity—are those who have gained their experience through investments in them.

Nature of Public Service Corporations.

If a public service corporation meets the requirements of the conservative banker as to capitalization, management, franchises, size and character of the community served, etc., it offers almost ideal security for a bond issue. Serving, as they do, growing municipalities with such well recognized necessities of urban civilization as gas for lighting and fuel, electricity for lighting and power and street railways for rapid transit, these corporations have an earning capacity of the most stable character. Even during years of business depression, as in 1907 and 1908, when most industries suffered great reductions in their income, there was practically no diminution in the earnings of the public service corporation. The standard corporations of this character have had no difficulty in meeting the principal and interest of their bonds as they have matured, even in the face of the most adverse conditions in the financial and industrial world.

Investigating the Security.

Before offering an issue of public service corporation bonds to the public the banker undertakes a most thorough and expert investigation of every phase of the situation affecting the security of the bonds.

When the owners of a corporation on which they wish to place a bond issue first submit the matter to a banking firm, if the security seems adequate, the owners are requested to submit full and complete data regarding the company. This is subjected to a careful office analysis by the firm's experts. If the investigation discloses any material weakness in the proposed security the matter is not pursued further. If the office analysis is favorable, however, the more formal examination is undertaken.

Attention is then directed to the community served. Only communities of

substantial size are considered, which, while giving evidence of stability, at the same time indicate a spirit of progress and development. Just as character is important in the individual, so it is in the community, and through long experience the investment banker gains the ability to differentiate between the substantial and the unsubstantial; between the progressive and the unprogressive in communities.

Engineer's Examination.

Perhaps the most important part of the investigation of a corporation issue is the examination made by the engineer. The banker uses particular care in the selection of the engineer. Only an expert, qualified by long familiarity with corporations similar to the one under investigation, who has demonstrated by prior undertakings that he is a man of ability and thoroughness, is accepted. Usually he is a representative of a well known engineering firm whose reports carry weight because they are known to be dependable.

The engineer delves into every phase of the business of the company. He particularly concerns himself with its stability, its permanency and its chances of growth. This part of the investigation includes an examination of the character of the community served. The engineer gives his own impressions of the territory in which the company operates and thus supplements the banker's personal knowledge and judgment regarding the future development of the community where the corporation is located.

The Audit.

Only secondary in importance to the engineer's examination is an audit of the books of the corporation by the accountant. Only an expert who is familiar with corporation accounting is qualified for this undertaking. A man who can merely add and subtract figures will not do. The banker selects an expert who can use his head as well as his pencil.

The auditor takes up his investigation somewhat in the frame of mind of a detective. He is on the lookout for something covered up. Oftentimes he will find an amount charged to cost of construction which ought to be charged to cost of operation, thus making the net earnings of the corporation appear larger than they really are.

Equity.

One of the prime factors given consideration by the bankers in reaching a conclusion as to the safety of a corporation issue is the equity in the property above the bonded debt. The equity is the amount by which the value of the property exceeds the amount of the bonded indebtedness. It is known as "The Margin of Safety."

In determining the amount of security back of a corporation bond issue a number of factors are given consideration. Among others may be mentioned:

(1) The cost of the property;

(2) The replacement value of the physical property;

(3) The aggregate market value of the corporation's securities;

(4) The character of its business.

(1) Cost of the Property.

The cost of the property may refer to the cost of its construction, or, if the corporation has recently changed hands, reference may be made to the cost of acquisition by the new owners. In neither case is the cost taken by the banker as an index of the exact value of the property. The cost of construction may, on account of extravagance or poor engineering, have been unnecessarily high. The cost of acquisition may have been at an unwarranted price. But, if, in the latter case, the new owners are shrewd and practical operators of public utility properties, the fact that they paid a high price has a certain significance. It indicates that they believe the property has a bright future and that they were willing to venture a relatively large sum that their expectations would be realized. In such a case the bond issue bears a low ratio to the cost of the property, that is, to the purchase price.

(2) Replacement Value.

The replacement value is only a part of the entire valuation of a corporation's property. The situation, the business of the company, the franchises, etc., have a very substantial, although perhaps intangible value; but the bond issue is usually restricted to an amount within the replacement value; that is, within the amount which it would cost to duplicate the physical property of the company.

The replacement value may, of course, be much too large to form a safe basis for the bonded debt. An electric company may have an hydro-electric development which has a high replacement value. If, however, the water supply is inconstant or deficient, the real value may be much less than the amount spent on its development and installation. On the other hand, a well located and well developed water power having a sure and steady supply of water may have a real value much in excess of the amount it would cost to duplicate its construction. So, the banker, while taking the replacement value into consideration, does not rely upon it alone in reaching a conclusion as to the amount to which the bonded debt should be limited.

(3) Market Value.

Where all the securities of the company have an active market it is possible, by taking the aggregate values of the outstanding stocks and bonds, to obtain the combined judgment of a great many people as to the value of the corporation's property and business. In such an instance the equity is measured by the market value of the securities junior or subordinate to the bonds. The banker, however, does not accept the market's judgment of the value of this equity. While giving the matter due weight, he conducts an independent examination in order to determine the equity from other points of view.

(4) The Business of the Corporations.

In considering the adequacy of the equity behind the bonds the banker looks carefully into the character of the corporation's business. The conservative banker handles the securities only of those corporations which have a successful and growing business; of those corporations only which are firmly entrenched in a progressive community.

The corporation must not only have able management but it must have back of it men of character and means who will be able to protect the company if it suffers temporarily from labor or other difficulties.

The Market.

While many public service corporation issues are listed on the New York

Stock Exchange, by far the larger amount of the trading in bonds of this character, whether listed or unlisted, is conducted outside of the Exchange.

The investment banker is in one respect like the merchant. He buys securities at wholesale and sells them at retail. In distributing an issue of bonds he offers them to a great many customers, and as the result of the selling campaign, the bonds become known to a large circle of investors only a part of whom buy the securities when they are first brought out. As the result of the efforts of the banker there continues indefinitely, if the issuing company prospers, a spontaneous demand for its securities. Oftentimes an investor who owns a few of the bonds will wish to increase his holdings; others, having found the bonds satisfactory for their own investment, will suggest them to their friends or relatives. With the growth and development of the company the banker finds an increasing demand for its securities.

As most buyers of bonds desire long term investments, those who wish to dispose of their securities are relatively small in number. Those who desire to sell usually have no trouble in so doing if they hold securities purchased of a conservative and successful banking firm. The banker will buy them because he knows he will be able to re-sell them to other clients. Of course, the price the banker will be able to pay will depend upon the conditions obtaining in the financial world. If the security markets are disturbed, or, if for any reason investors are refraining from buying, the price the banker will be willing to pay will be somewhat lower than the price he would pay at a time when bonds were in good demand.

It is our experience that well secured five per cent. corporation bonds of successful companies, under normal conditions, seek a market level at about par, some of them selling a little below and a few selling slightly above this figure.

After an issue has been distributed and after the company has become well established in its community there usually develops a sufficient natural demand for its bonds at about par to hold them close to this price.

As a new issue of corporation bonds when first submitted by a banking firm to its clients is not infrequently offered at a relatively low price, it follows that as the company increases in size and earning capacity, the strength of its securities becomes more generally appreciated, the demand for its bonds broadens and the market advances above the issue price.

WHERE BONDS ARE BOUGHT AND SOLD

By Keith Crandall

THE average investor realizes that the "marketability" of any bond he is thinking of buying is an important thing to consider, but few buyers of bonds have much of an idea about the actual market in which the bonds they are interested in are bought and sold.

A great number of different bonds are "listed" on the New York Stock Exchange and in active times transactions total anywhere from six to ten million dollars a day; but, except for a limited number of issues which are mostly speculative, it is not on the Stock Exchange that the big, broad market for bonds really exists. On any given day when transactions in some good investment bond on the exchange are reported as amounting to $10,000 or $25,000, direct trading between the bond houses in that particular issue will perhaps amount to four or five times as much.

The Open Market.

The best market in a number of bonds actively traded in day by day is on the floor of the Exchange, but it is to the great "open market" that the bond dealer turns to execute an order to buy or sell the average investment bond. By the "open market" is by no means meant the "curb," which, again, is something entirely different. By the "open market" is meant the direct trading between banking houses, bond dealers, and bond brokers—trading of which no record ever appears but which determines the price of most investment bonds to a far greater degree than the trading which takes place on the Exchange. In many investment bonds, indeed, the price quoted on the Exchange rises and falls absolutely with what goes on in the "outside market."

To get a clear idea of what this outside market consists of, it is necessary to bear in mind that there are several hundred bond houses in New York City all in constant communication with each other by messenger, telephone, and the bond brokers who spend all their time circulating among them. An order to buy ten bonds of a certain kind comes to one of these houses. Instantly communication is established with half a dozen or a dozen other houses which are apt to have the kind of bond wanted. The whole quarter of the "market" where such bonds are apt to be for sale is ransacked in an incredibly short time. If the bonds are to be had, the house which has the order for them will soon enough know it and be able to quote its customer a close price.

Marketability.

The marketability of a bond, therefore, depends not at all upon whether it is listed on some stock exchange, but rather on whether in some part of the great "open market" there are to be found firms willing to buy or sell. If the issue is a "specialty"—an irrigation or power bond, for example—brought out and sponsored by some particular house, the number of other houses willing to quote a price for

purchase or sale is apt to be limited. That may be nothing against the bond itself, but it does mean that it does not possess the element of ready marketability. The cautious investor, before he buys a bond, will take good care to find out what sort of a market for it really exists. It may mean a good deal to him some time when he wants to raise money.

AN UNDERLYING PRINCIPLE OF INVESTMENT

By John Terret

DIFFERENT classes of bonds are suitable for different classes of investors—that may be set down as of all investment principles the most elementary. The man of means with an income comfortably in excess of his needs who puts his surplus all into first mortgage bonds which net him only four per cent. is not exactly wrapping up his talent in a napkin, but is certainly regardless of Opportunity's knock. The man, on the other hand, whose lifelong savings are represented by a few thousand dollars and who puts his money into the bonds of some undeveloped property merely because the interest promised is high, shows even less knowledge of the "eternal fitness of things" in investment. The seven per cent. bond has its place in the investment field and so has the four per cent. bond, but where the one may be a suitable investment for your neighbor, it may be a most unsuitable and illogical investment for you.

To what class of investor do I belong and what kind of a bond ought I to buy?—that is the question which every intelligent investor is bound to ask himself before he decides upon the purchase of any particular bond.

Three Classes of Investors.

Now it is perfectly true that men of large means often invest their fortunes in several different classes of security, but the average man is confronted with no such problem and has usually only to determine what class of security fits in with his particular needs. Is he a man whose income runs larger than his expenses, who has already accumulated a reserve fund, and whose problem is rather the investment of each year's surplus?—in that case he can well afford to take the chances attaching to securities bearing a high rate of interest. Is he a man of business with others dependent upon him, whose expenses have prevented him from accumulating a satisfactory surplus and upon whom is the responsibility of making provision for his family?—safety of principal rather than the matter of income must in that case be his primary investment consideration. Or, again, is the question one of the investment of funds on the income of which one or more persons are absolutely dependent?—then, only the best of security, regardless of how low the income may be, is good enough.

Suitability.

To one of the three classes mentioned the average investor belongs, and, accordingly, must choose his investments. If he belongs to the first class and is already "well fixed" financially, he can well afford to put his surplus income into water bonds, timber bonds,

power bonds, and the other "specialties" which can be had to net the buyer six per cent. or over, with possibly a bonus in stock thrown in. If he belongs to the second class and needs every dollar he can get for his reserve fund, he cannot take the chance necessarily attaching to the "specialties," but, by the exercise of good sound business judgment, he can nevertheless pick out bonds of public service corporations, and junior liens of well-established railway properties, which will net him five per cent. or even slightly more. If he belongs in the third class, and is investing money for himself or others entirely dependent on the income, he is bound to consider only the best of mortgage bonds. On this class of security four and one-half per cent. is about the limit of the income which can be realized.

WHERE CANADIAN BONDS ARE SOLD

UNITED STATES IS STILL BORROWING ABROAD AND CONSEQUENTLY IS NOT LARGELY INTERESTED IN THE DOMINION'S SECURITIES

By Fred W. Field, Editor of The Monetary Times, Toronto

As a young and progressive country with a population of about eight millions, Canada issued a very large number of bonds last year. They totalled $225,600,590, which gives some idea of the heavy borrowing being undertaken by the neighboring Dominion, which is raising loans in London alone at the rate of about $200,000,000 per annum. A large number of Canadian bonds have been issued in denominations which will particularly appeal to the small investor as well as to corporations which place much of their surplus money to the purchase of such securities.

Destination of Issues.

It is interesting to trace the destination of Canada's many bond issues last year. According to Mr. E. R. Wood, of Toronto, who is recognized as an authority on this subject, no less than eighty-one and one-half per cent. of the aggregate bond issue of the Dominion was sold in Great Britain, seventeen per cent. in Canada and only one and one-half per cent. in the United States. Judging these figures from the speculative viewpoint, it would appear that this country has safe and remunerative securities for investment, which fact, with others, prevents the American investor at present from becoming a purchaser of Canadian bonds to any considerable degree. This is true in a smaller sense of the Canadian investor, as the high grade bonds yielding low rates of interest have not as yet proved generally attractive to him. Mr. Wood's explanation of the figures is that the money invested as capital in the Dominion's chartered banks and the money collected and made available by them is largely required in general trade and commerce, while the loan companies, trust companies and insurance companies meet the demands arising in the buying and improving of land and in rural and urban building operations. These demands are sufficient to absorb most of the local capital available through financial institutions and from private lenders as well and there is as yet no large surplus for investments of a more permanent nature. Canada's wealth, however, is increasing very rapidly, and while as yet no large percentage of needed permanent capital is supplied by Canadian investors, the proportion available from local sources will no doubt increase from year to year.

The requirements of the United States not only absorb most of the funds available in that country, but make demands for foreign capital. Like Canadians, the Americans are still borrowing abroad. This is another

reason why Canadian bond sales in the United States are a negligible quantity.

Settlers from the United States in Western Canada have brought with them a large volume of capital which is playing an important part in Canadian development, and this, together with the productive industry of the new arrivals, makes the most important contribution Canada is receiving from the Republic.

Classes of Bonds Sold.

The following table shows the classes of bonds sold by Canada last year:

Issue.	Amount.
Government	$55,000,000
Municipal	35,748,690
Railway	69,950,000
Tram, light, head and power companies	7,945,400
Miscellaneous corporations	56,956,500
Total	$225,600,590

It will be observed that the heaviest borrowing was on account of railroads. The Dominion is growing rapidly on its lines of communication and Canadian railroad securities have been the leading offering to British investors for many years past. During the last six years Canadian railroads have raised in London no less than $300,000,000. Canadian Pacific securities are probably the most widely held of any railroad in the world. Sir Thomas Shaughnessy, the president of that road, told me that nearly all of their four per cent. perpetual debenture stock and their four per cent. preference stock is held in Great Britain. About twenty-five per cent. of the common stock is divided evenly between Canada and the United States.

Mr. Hays, president of the Grand Trunk, informed me that seventy-five to ninety per cent. of that road's shareholders are residents of Great Britain. Canadian Northern securities are largely held in the old country, although last year a fairly large block of their income charge convertible debenture stock was sold in Canada during 1910.

There is no slackening in railroad building. Both the northern and western area of the Dominion are being introduced to transportation steel and in those sections where it already counts as a development factor, track is being increased and often doubled. There was a considerable increase last year in the issue of Canadian railroad securities, the figures being $69,950,000 compared with $41,825,000 in 1909. Of the past year's total, the Grand Trunk Pacific and the Canadian Northern Railway Companies disposed of $50,907,900 or eighty per cent. to finance the extensive works of construction which these companies are carrying out. In this connection it should be pointed out that the Canadian Pacific Railway has for some time been meeting its chief financial requirements by issues of capital stock. Of the railway bond issues, $60,117,500 or eighty-four per cent. found a market in Great Britain, while Canada took 11.70 per cent. and the United States 4.30 per cent. Canadian Northern Railway equipment bonds, $500,000; Canadian Northern Railway equipment 'bonds, series V., $2,215,000; and Canadian Northern Railway equipment bonds, series I., $294,000 were sold in the United States.

Government borrowing was the next heaviest amount last year, Great Britain in this instance purchasing 94.55 per cent. of the Dominion, Manitoba and Saskatchewan provincial government bonds. None of this class went to the United States. In miscellaneous corporation issues, a large increase was recorded a year ago over the aggregate

for 1908. This increase has continued during the present year, the total being $56,956,500, as compared with $47,397,500 for the previous year. The sales in Great Britain aggregated $43,847,500 or 76.92 per cent. of the total, Canada absorbing $12,959,000 or 22.73 per cent. and the United States $150,000, or .35 per cent.

INDUSTRIAL DEVELOPMENT.

This is the most significant feature of Canadian bond sales during the past year. It shows that through this class of investments alone, close on $44,000,000 of British capital with nearly $13,000,000 of Canadian capital have been devoted to the development of our coal mines, our iron and steel industries, our lumber, pulp and paper industries, our fisheries, our milling industries, our various lines of manufacture and other more or less local and domestic enterprises. These varied lines of industrial development, at one time largely dependent on local capital, have attracted, during the year, more British capital than have even the extensive railway enterprises of the Dominion.

Only one per cent. of Canadian municipal bonds was purchased by United States investors. Canadian municipalities were heavy borrowers last year, Western municipalities making 141 bond issues and Eastern municipalities 160. The conservative investor does not always regard as acceptable the frequent loans of towns and cities in the Dominion, but despite that fact municipal credit stands very high in the markets. A few years ago only loans of the largest centres in Western Canada could be placed with success in the London market. Last year the British investor purchased a large quantity of the debentures of smaller cities and towns which give promise of rapid and permanent expansion.

The following table gives details of United States purchases of Canadian bonds during 1910:

Issue.	Amount.
Municipal	$350,000
Railway	3,009,000
Miscellaneous corporations	150,000

The tendency is towards a greater absorption in Canada of its own securities, a still further increase in the Dominion's borrowing in London and only a comparatively small increase in American purchases of Canadian bonds.

THE NEW OIL INDUSTRY IN CALIFORNIA

By John O. Dresser

More money has been made in oil and more money has been lost in oil than in any other natural product. Good oil stocks are good speculative investments—bad oil stocks are about the worst thing into which an investor can put his money. It is in order to bring before investors the FACTS *about the new California oil industry that the following article is presented.*

WITHIN the past ten years, there has sprung up in California a new industry which has already created more fortunes, probably, than any other known development of natural resources; which is now being conducted on a scale that pays in net profits every year more than the famous fruit culture and gold mining of California combined, and which bids fair to continue on a still broader basis for fifty or 100 years to come.

This is the great fuel oil industry of California.

There is no coal to speak of on the entire Pacific Coast except in Alaska. Coal in California costs six dollars or seven dollars a ton wholesale and twelve dollars a ton retail. Consequently, the discovery and development of some of the richest fuel oil fields in the world in California within economical marketing distance of the Coast, is of tremendous economic importance. Since

the discovery of oil there and the subsequent delevopment of the ten fields of California, oil has come to be used almost exclusively on the entire Pacific Coast in California, Oregon, Washington, Alaska, Chili, South America, Hawaiin Islands, Japan, China, Nevada, Arizona and the Panama Canal. The consumers of oil are the railways, steamships, electric and steam-power plants, hotels, apartment houses, forging plants, factories, in homes of the wealthy; in short, wherever coal is used in quantity in the East. As three and one-half barrels of oil will do the work of one ton of coal, with the price of oil at one dollar per barrel and the price of coal from seven dollars to twelve dollars per ton, a large saving is thus made by using oil instead of coal, without considering at all the saving in labor.

On a Commercial Basis.

Large consumers of oil like the Southern Pacific and other railroads, the steamship lines, power plants, etc., were induced to change their equipment to oil-burners by certain features of the California oil fields in addition to the economical question: first, the oil was found in such thickly saturated deep oil sands running from 150 to 600 feet thick that the supply is estimated sufficient to last from fifty to 100 years; second, the oil fields are situated so near the Coast that it is possible for pipe lines to convey the oil to market at a minimum of expense; and third, the development of these fields from the beginning has been in the hands of capable, conscientious, broadminded men or companies who have handled the production of the oil in a steady, businesslike, farseeing way without waste. No better proof of this last statement can be given than the statistics of the U. S. Geological Department and State Geological Department of California, which show that during the past five years, 96.4 per cent. of the wells drilled in California have proven productive. This is a remarkable record and compared with mining statistics (which in 1907 showed one mine out of every 1,500 developed successful) or with commercial reports (which show ninety-five per cent. of general business enterprises to be eventual failures) it indicates that the California oil industry has already reached the commercial stage, while still retaining the possibilities of large speculative profits.

A Great Industry.

The size of the oil industry in California has grown to vast proportions. For the past year the dividends paid by only a portion of the profit-earning companies exceeded the total production of gold in California. Out of eighty-eight companies which are listed on the San Francisco and Los Angeles stock exchanges, over sixty are paying dividends at the total rate of over $1,000,000 per month. This list does not include many of the large dividend paying oil companies operating in California. It is conservatively estimated that $100,000,000 would represent the investment in drilling apparatus, tanks, reservoirs, pipe-lines, pumping stations, oil steamers, tank-cars, refineries, etc., connected with the oil industry in California. These companies up to December, 1910, had paid out since organization nearly $37,000,000 in dividends to their stockholders.

California capital has pioneered the development of the California oil fields. From comparatively nothing in 1896 the oil industry has reached the enormous annual output of over 74,000,000 barrels in 1910, which represents in money value at the wells over $30,000,-

000. It has gone beyond the capital of the 2,300,000 people in the entire State of California and new companies are now coming to Eastern capital for aid to continue the development.

Marketability of Product.

The facilities for handling and marketing California oil have kept pace with the growth of demand and supply. Pipe-lines owned by the Union, Associated, Standard and other oil companies lead from all the oil fields to tidewater. Tank cars are used principally for interior distribution. The price of fuel oil, which is entirely dependent on demand, supply and facilities for handling, has risen steadily with few temporary fluctuations in the past ten years from eighteen cents a barrel to present price of about fifty cents a barrel at the wells. There is every prospect that demand and supply for years to come will hold the price as high as it is at present, if not at a still higher level. As it is possible for experts to figure approximately the total number of barrels of oil stored in the California fields and from this the life of production, the present price of California fuel oil should not vary to any extent over a period of years, except for temporary periods of over-production caused by gushers like the Lakeview in the Midway field which break their bonds and eventually work out their own salvation through loss in evaporation and waste. As the oil producers are organized into a producers' association for governing production and prices, in the event of an accidental over-production, they can cap their wells and merely wait till this excess is exhausted and regular prices are resumed. This very thing happened last summer in the interior fields when Lakeview gusher was flowing at the rate of 40,000 barrels a day. Now that this gusher has subsided to a 5,000-barrel well, prices have resumed their upward tendency and wells that were temporarily shut down are again producing and earning dividends for their companies.

California oil fields differ from some Eastern fields in that they cannot be bottled up by strong pipe-line companies, and therefore, even the small producer is independent. This is due to their proximity to tidewater and the markets and the comparatively small cost of building pipe-lines and marketing the product independent of the large carrying companies.

The Main Fields.

I have spoken above of ten oil fields in California. They are:—Coalinga, Kern River, Sunset, Maricopa, Midway, McKittrick, all in the central part of the State; Ventura, Newhall, Fullerton and Santa Maria, along or near the Coast. Coalinga is the largest and Kern River the next largest field in production. Though not as large, the Santa Maria field is a very valuable one to the investor.

I am familiar with the Santa Maria field and have therefore cited an example of a company operating in this field to prove my points in regard to California oil fields in general. At the same time, it must be kept in mind that the Santa Maria field has certain advantages over interior fields by reason of its proximity to tidewater, the great saturation and depth of its oil sands and its tremendous gas pressure which has made flowing wells, viz., The Hartwell well bought in by the Union Oil Company, which flowed over 2,000,000 barrels in twenty months, and four wells of the Palmer Oil Company, which are all gushers.

As a good example of present marketing of oil stocks for development purposes, let me point to the Palmer Union Oil Company, owning or controlling 1,830 acres of proven oil land adjoining the Palmer Oil Company territory in this famous Santa Maria field, and in addition ninety per cent. of stock of the Paula Oil Company, with producing properties in the Ventura and Midway fields. This company is incorporated in California (where incorporation fees are high and laws against misrepresentation are very stringent) at

a total capitalization of $6,000,000, and the stock which was sold at first at a price of fifty cents a share (par value one dollar) is now selling at about sixty cents a share, in view of recent developments. The holdings of the company were acquired at the low rate of about $600 an acre. The fiscal agents of this stock, the Brown-Walker-Simmons Company of San Francisco, are able to "block out" for the prospective investor approximately the amount of oil stored under these properties in dollars and cents. This is figured conservatively by disinterested geological engineers to reach over $68,000,000 for the properties in the Santa Maria field alone.

FROM THE INVESTOR'S STANDPOINT.

I have gone to some length to describe a particular company, to point out to prospective investors in California oil what they have a right to know about companies in which they are asked to invest. They should first investigate thoroughly the company selling the stock; second, ascertain the value of the oil deposits in the properties of the company, through the reports of disinterested experts, and compare them with the capital stock; third, examine the ability of the management to successfully develop the property; fourth, learn the contracts and means of marketing the product at favorable prices; fifth, find out if the stock is listed or not on a reputable exchange so as to be marketable.

If the prospective investor will take the trouble to investigate the above points, California oil offers to him in the present state of the industry an opportunity to invest in the natural resources of the country with every prospect of large profits for years to come.

Oil is stored in the ground and represents great value. All that is required is the drilling of wells on proven property, a good organization and a good market for your oil. California has established the outlines of the oil industry, proved the lands by actual drilling, and has the facilities and demand to find a ready market for its oil. The entire power-consuming public, from Alaska to South America, as well as part of the Orient, has been converted to the use of oil, so that the commercial and consuming end of the oil industry has been established as long as the oil fields last. There is every prospect that oil will come to be used as fuel on many railroads, even in the Eastern States. California oil may safely be said to be established on a well-grounded permanent commercial basis.

THE STOCK EXCHANGE

By a Member

IT is not entirely in the inflexible enforcement of rules, nor in the established customs which have grown out of past experiences governing the dealings between members and their customers that the New York Stock Exchange protects its customers. It is an inexorable law of trade which is the real protection to the customer. It is the fact that the New York Stock Exchange is the one central point at which all lines of industry converge—the medium through which investors the world over are placed in touch with the facts concerning the state of the various lines of industry and the market conditions affecting the securities of industrial corporations. It affords the publicity which is the real safeguard; it affords the medium through which the public can exercise its judgment as to the desirability of the security as scrutinized from

many points of view, and it is the consensus of the opinion of many minds which establishes the value of the security—fixes the price. The composite judgment of the thousands of individual investors who have considered the same subject many times—the business men in all kinds of industry—lawyers, heads of banks, trustees of institutions of all kinds who are well versed in the science of investment—all have placed the stamp of their approval by buying. The investor who purchases through the New York Stock Exchange is protected against his own mistaken judgment, or that of his financial adviser—protected by the infallible public, the dictation of unerring public opinion.

CURRENT RAILROAD STRATEGY

SOME IMPORTANT PENDING CHANGES IN THE RAILROAD MAP

By Franklin Escher

IT is now some time since any changes of importance have taken place in the railroad map, but it looks as though the cartographers would soon be making up for lost time. To a greater extent than in months, Wall Street and the holders of securities are giving their attention to the subject of railroad strategy, and the question of control. Here in the East, great progress is being made in the tangled railroad situation around Pittsburgh, and there is every likelihood that before long it will be determined who is to get possession of the valuable properties left stranded by George Gould's ill-starred attempt to force his way into Pittsburgh. Out in the middle West, the question as to the control of Missouri Pacific takes precedence over all other questions of railroad strategy, the passing of control of this great property being now an assured fact and its final disposition being a consideration of the very highest importance. Further West again and to the North, another series of battles seems likely to be fought in the campaign between the Hill and the Harriman systems. As a result of all this, the railroad map of 1912 seems likely to show some startling changes from the railroad map as it now appears.

THE SITUATION AT PITTSBURGH.

To get a clear idea of the first of the situations above mentioned, it may be well to recall that when the ambitious Gould plan for a transcontinental fell through, the Wabash Pittsburgh-Terminal and the Wheeling & Lake Erie were left in receiver's hands. These, it will be recalled, were the two lines over which the Wabash was to get its entrance into the Smoky City. Now that the whole plan has fallen through, the principal question is, Into whose possession will these roads eventually go? Both of them are extremely valuable, carrying with them as they do entrance into the heart of Pittsburgh and excellent terminal facilities in that very much crowded center.

Concerning the control of these roads, all kinds of fanciful explanations have been advanced, but stripped of the imaginative theories of amateur railroad strategists, it comes right down to the fact that it is into the hands either of the New York Central or the Pennsylvania that they must eventually fall. There is just a bare possibility, of course, that, after reorganization, these properties may be able to stand on their own feet; but if anyone takes them over, it may be taken for granted that it will be one of the two systems mentioned.

For the theory that it is the Pennsylvania which will get the Wabash Pittsburgh-Terminal and the Wheeling & Lake Erie, there is mainly responsible the fact that the Pennsylvania is determined to wipe out the heavy terminal allowances which it has now to make at Pittsburgh to industrial roads in which the shipper has a majority interest, and that by getting hold of these two prop-

erties a lot of progress in that direction could be made. That, indeed, is the main reason why control by the Pennsylvania is spoken of, estimates as to the saving in terminal charges under such an arrangement running as high as three million dollars.

Strong as is Pennsylvania's incentive to get hold of Wabash Pittsburgh-Terminal and Wheeling & Lake Erie, New York Central's incentive is even stronger. For, to the New York Central, the possession of these lines would mean a great deal more even than it would mean to the Pennsylvania. The latter system already has extensive terminal facilities in Pittsburgh. New York Central has none. Pennsylvania's main line, in the next place, runs into the Steel City, while New York Central's only entrance is via a branch line, the Pittsburgh & Lake Erie.

This need for terminal room must be counted an important one in figuring up New York Central's chances of getting hold of the Wabash Pittsburgh-Terminal. Before long now, the link connecting Central's Pittsburgh and Lake Erie with the terminus of the Western Maryland will be completed, and when that work is done, the Central's dream of a through line from the Great Lakes down to tidewater at Baltimore will be an accomplished fact. But with present inadequate terminal facilities on the western end of this new through line, that is to say, at Pittsburgh, New York Central will be very greatly handicapped. And when it comes to competing with such roads as Pennsylvania or Baltimore and Ohio, such a handicap would come pretty near putting the Central out of the running. At whatever expense may be necessary, therefore, it seems altogether likely that New York Central will make every effort to so increase its terminal facilities and business-gathering facilities at Pittsburgh as to put it on terms of equality with those two other systems, with whom it has entered the lists.

In the Middle West.

Quite as interesting is the situation out in the Middle West. At the time of writing, the resignation of George Gould as president of the Missouri Pacific System has not been formally announced, but it is certain that it is only a matter of time before the weak Gould grasp upon these properties will be relinquished. As a result of the tangle into which George Gould got himself five years ago, it is known that so far as the control of his properties is concerned, he is practically in the hands of his bankers, and that they are in a position to make him let go when and as they see fit.

The great question is, Into whose hands will Missouri Pacific fall when it passes out of the control of the Goulds? It is a wonderful property, capable of the highest development and having a strategic importance second to no other railroad system in the United States. Coming into competition as it does with half a dozen of the biggest systems in the country, it is naturally a question of the most intense interest into whose possession this property will pass.

In the various speculations as to the future control of Missouri Pacific, Edwin Hawley's name has been mentioned perhaps more than any other, but for several reasons it seems highly

improbable that Missouri Pacific will ever pass into the Hawley control. This "Successor of Harriman" has, it is true, startled the railroad world during the past three years by the boldness and magnitude of the railroad combinations and deals he has put through, but even at that he has yet shown nothing suggestive of the idea that he is of a calibre sufficiently great to add to these various properties he has acquired, a property of the value and importance of the Missouri Pacific. In the next place, to allow the control of Missouri Pacific to fall into the hands of Edwin Hawley would be to play directly into the hands of a powerful competitor—something which the bankers with whom the control of the property now rests would hardly be likely to let happen.

Where, then, will control of Missouri Pacific go? That depends largely upon the way in which the Supreme Court interprets the Sherman law. If the interpretation is of a liberal nature, allowing the conduct of big business in the present way, very unlikely is it that the same interests which dominate the Harriman system will control the Missouri Pacific. Should the Supreme Court's decision, on the other hand, be such as to prevent any such common ownership, the question of control will remain an open one—and not unlikely to give Wall Street something to think about, both from a stock-market and a strategic point of view.

The Fight for the Northwest Territory.

Up in the Northwest, the "fight for empire" between the Hill and Harriman systems—that ever blooming hope and joy of the magazine-writer—seems likely before long to be productive of fresh and interesting developments. Just recently Union Pacific has announced its intention of spending seventy-five million dollars to double-track its entire line from Omaha through to the Coast. By the Hill interests, on the other hand, the capital of their new railroad, the Spokane, Portland & Seattle, has been largely increased. All that would indicate that the sinews of war are being provided preparatory to another battle in the campaign which for so long has been waged betwen these two systems.

For it is well understood that Union Pacific's plans include very much more than the mere double-tracking of lines, and that it is the intention of those in control of the system to build northward again. Just as certain is it that from the Spokane, Portland & Seattle (which was built jointly by the Northern Pacific and the Great Northern) spurs and extensions are to be run southward to tap the fertile fields of central Oregon, always up to now regarded as Harriman territory.

All this seems to have in it elements of considerable dramatic interest and will undoubtedly be made to figure largely in the popular magazines in articles descriptive of the renewed "fight in the Northwest." What seems really to be happening, however, is that the boundaries between what was always regarded as the old Hill territory and the old Harriman territory are gradually but surely being broken down. Railroad systems, especially in open country, such as this, are not like armies —that is to say, in a great and fertile and productive region such as the State of Oregon and the State of Washington, there is plenty of room for more than one railroad system. Where things are crowded and each road has to make its fight for business to keep alive, conditions are different, but in these vast stretches of territory, there is room to support not one railroad system or two, but half a dozen or more. The outcome of these developments in the Northwest seems more likely to be not the bitter struggle which would gladden the hearts of those who are always looking for something sensational in finance, but, rather, an appreciation of the fact that the main thing at issue is the development of a great territory of great potentialities through coöperation. From the "pending struggle for supremacy in the Northwest," the holders of neither the Hill nor the Harriman securities have anything to fear, but much to hope.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to March 14, 1911.]

GOVERNMENT, STATE AND CITY BONDS.

Quoted by Rhoades & Company, Bankers, Dealers in investment securities, 45 Wall St., New York.

Name and Maturity	Price.	Yield.
U. S. Gov., reg. 2s, 1930	101⅜-101⅝	1⅛
U. S. Gov., reg. 3s, 1918	102 -102⅝	2.60
Panama Canal, reg. 2s, 1936	101⅛-101⅜	1.80
Dist. of Columbia 3-65s	105 -106½	3.10
Alabama 4s, July, 1956	104 -104⅛	3.77
Colorado 4s, '22 (op. '12)	99 -100	4.00
Connecticut 3½s, Apr. '30	99 -102	3.35
Louisiana 4s, Jan., 1914	98⅝- 99¾	4.10
Maryland 3½s, 1926	95 - 95½	3.90
Massachusetts 3½s, 1940	92¼- 93⅛	3.85
New York State 3s, '59	99¾-100¾	2.99
Tenn. New Settlement 3s, '13	96⅝- 96¼	4.25
Va. 6s, B. B. & Co. ctfs., 1871	56 - 57	
Boston 3½s, 1929	93⅝- 94⅞	3.90
New York City 4½s, 1957	107¼-107¾	4⅛
New York City 4½s, 1917	102 -103	3.95
New York City 4s, 1959	99¼- 99½	4.03
New York City 4s, 1955	97½- 98¼	4.07
New York City 4¼s, 1960	101¾-101⅞	4.16
New York City 4¼s, 1930-1960	101⅜-101½	4.12
New York State Canal 4s, 1960	104½-104¾	3.80
New York City 3½s, 1954	87½- 88⅛	4.11
New York City 3½s, 1930	89⅝- 90⅞	4.00

SHORT TERM SECURITIES.

Quoted by J. Hathaway Pope & Co.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity	Price.	Yield.
Am. Cig. 4s, "A" Mar. 15, '11	98½- 99¼	4.92
Am. Cig. 4s, "B" Mar. 15, '12	97½- 98¼	5.10
Am. Locomotive 5s, Oct., '10	99½-100½	4.25
Bethlehem Steel 6s, Nov., '14	97 - 98	6.20
"Big Four" 5s, June, '11	100 -100⅛	4.85
B. R. & P. Equip. 4½s	99 -100½	...
Chic. & Alton 5s, Mar. 15, '13	98¾- 99¼	5.25
C. H. & D. 4s, July, '13	96½- 97½	5.05
Diamond Match 5s, July, '12	98 -100	5.00
Hudson Co. 6s, Oct., '11	98 -100	6.00
Interboro 6s, May, '11	101¼-101¾	3.92
K. C. R. & L. 6s, Sept., '12	98 - 99	6.50
Maine Central 4s, Dec., '14	98 -100	4.25
Minn. & St. Louis 5s, Feb., '11	98¼- 99⅛	5.58
New Orl. Term. 5s, Apr., '11	99¼-100	3.45
N.Y.C. Equip. 5s, Nov., '10	100 -101⅛	4.15
N.Y.C. Equip. 5s, Nov., '14	102½-103½	4.15
N.Y.C. Equip. 5s, Nov., '16	103½-104¾	4.15
N.Y.C. Equip. 5s, Nov., '19	104¾-106⅛	4.15
N.Y.,N.H.&H. 5s, Jan., '11	100 -100⅛	3.70
N.Y.,N.H.&H. 5s, Jan., '12	100⅝-101	3.93
No. American 5s, May, '12	99 -100	5.00
St. L. & S. F. 4½s, Feb., '12	95¾- 96¼	6.00
Southern Ry. 5s, Feb., 1913	98 - 98⅛	5.45
Tidewater 6s, June, '13	100¾-101¼	5.35
Westinghouse 6s, Aug., '10	99¾-100⅛	4.25
Wood Worsted 4½s, Mar., '11	99½- ..	4.50
Western Tel. 5s, Feb., '12	99 - 99½	5.20

GUARANTEED STOCKS.

Quoted by J. Hathaway Pope & Co.

(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	270	300
Allegheny & West'n (B. R. I. & P)	135	145
Atlanta & Charlotte A. L. (So.R.R.)	130	...
Augusta & Savannah A. L. (Cen. of Ga.)	104	112
Beech Creek (N. Y. Central)	95	100
Boston & Lowell (B. & M.)	205	215
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	15	22
Boston & Albany (N. Y. Cen.)	218	221
Boston & Providence (Old Colony)	270	290
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	115	125
Brooklyn City R. R. (Bk. H. R. R. Co.)	165	170
Camden & Burlington Co. (Penn. R. R.)	140	150
Catawissa R. R. (Phila. & Read.)	112	120
Cayuga & Susquehanna (D.L.&W.)	215	...
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	15	25
Christopher & 10th St. R. R. Co. (M. S. R.)	75	85
Cleveland & Pittsburg (Pa. R. R.)	164	170
Cleveland & Pittsburg Betterment	93	100
Columbus & Xenia (Pa. R. R.)	200	215
Commercial Union (Com'l C. Co.)	100	110
Commercial Union of Me. (Com. C. Co.)	100	...
Concord & Montreal (B. & M.)	155	170
Concord & Portsmouth (B. & M.)	175	...
Conn. & Passumpsic (B. & L.)	130	135
Conn. River (B. & M.)	260	270
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila. & R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	95	100
East Pa. (Phila. & Reading)	135	...
Eighth Av. St. R. R. (M. S. R. Co.)	200	300
Elmira & Williamsport pfd. (Nor. Cen.)	135	140
Erie & Kalamazoo (J. S. & S.)	220	240
Erie & Pittsburg (Penn. R. R.)	135	...
Franklin Tel. Co. (West. Union)	40	50
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	125	135
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	252	262
Gold & Stock Tel. Co. (W. U.)	100	110
Grand River Valley (Mich. Cent.)	120	...
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	90	100
Illinois Cen. Leased Lines (Ill. Cen.)	95	100
Jackson, Lans. & Saginaw (M. C.)	84	90
Joliet & Chicago (Chic. & Al.)	164	172
Kalamazco, Al. & G. Rapids (L. S. & S.)	135	...
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	65	75
K. C. St. L. & C. pfd. (Chic. & Al.)	125	140
Lake Shore Special (Mich S. & N. Ind.)	330	360
Little Miami (Penn. R. R.)	205	215
Little Schuylkill Nav. & Coal (Phil. & R.)	115	120
Louisiana & Mo. Riv. (Chic. & Atl.)	160	170
Mine Hill & Schuylkill Hav. (F. & R.)	120	126
Mobile & Birmingham pfd. 4% (So. Ry.)	68	76
Mobile & Ohio (So. Ry.)	75	85

	Bid.	Asked.
Morris Can. pfd. (Lehigh Valley)..170	...	
Morris & Essex (Del. Lack. & W.).173	180	
Nashville & Decatur (L. & N.)....185	192	
N. H. & Northampton (N. Y., N. H. & H.) 100	...	
N. J. Transportation Co. (Pa.R.R.).250	255	
N. Y., Brooklyn & Man. Beach pfd (L. I. R. R.) 107	118	
N. Y. & Harlam (N. Y. Central)..300	...	
N. Y. L. & Western (D. L. & W.).120	125	
Ninth Av. R. R. Co. (M. St. Ry. Co.)150	180	
North Carolina R. R. (So. Ry.)....156	164	
North Pennsylvania (Phila. & R.)..196	...	
North. R. R. of N. J. (Erie R. R.). 85	95	
Northwestern Telegraph (W. U.).105	112	
Nor. & Wor. pfd (N.Y.,N.H.&H.)..208	...	
Ogden Min. R.R. (Cen.R.R.ofN.J.). 95	105	
Old Colony (N.Y.,N.H.&H.) 180	...	
Oswego & Syracuse (D. L. & W.).215	225	
Pacific & Atlantic Tel. (W. U.).... 60	...	
Peoria & Bureau Val. (C.R.I.&P.)..175	185	
Philadelphia & Trenton (Pa.R.R.).248	...	
Pitts. B. & L. (P. L. E. & C. Co.). 32	35	
Pitts. Ft. Wayne & Chic. (Pa.R.R.)166	...	
Pitts., Ft. Wayne & Chic. special (Pa. R. R.) 155	165	
Pitts. & North Adams (B. & A.).127	134	
Pitts., McW'port & Y. (P. & L. E. M. S.) 117	125	
Providence & Worcester (N. Y., N. H. & H.) 260	300	
Rensselaer & Saratoga (D. & H.)..195	...	
Rome, Watertown & O. N.Y.Cen.)120	...	
Rome, Watertown & O. (N.Y.Cen.)118	120	
Saratoga & Schenectady (D. & H.)166	175	
Second Av. St. R. R. (M. S. R. Co.) 10	20	
Southern Atlantic Tel. (W. U.)... 80	100	
Sixth Av. R. R. (Met. S. R. Co.)..115	130	
Southwestern R. R. (Cent. of Ga.).100	110	
Troy & Greenbush (N. Y. Cent.)..165	...	
Twenty-third St. R. R. (M. S. R.)..190	220	
Upper Coos (Maine Central) 135	145	
Utica & Black River (Rome, W. & O.) 166	176	
Utica, Chen. & Susqueh. (D. L. & W.) 144	155	
United N. J. & Canal Co. (Pa.R.R.).241	248	
Valley of New York (D., L. & W.).122	130	
Ware R. R. (Boston & Albany)....160	...	
Warren R. R. (D., L. & W.)......168	175	

INACTIVE RAILROAD STOCKS.

Quoted by J. Hathaway Pope & Co.

	Bid.	Asked.
Ann Arbor, pref..................	65	72
Arkansas, Oklahoma & Western—	4	9
Atlanta & West Point	132	...
Atlantic Coast Line of Conn.....	230	250
Buffalo & Susquehanna, pref.....	10	12
Central New England	10	15
Central New England, pref........	20	27
Chicago, Bur. & Quincy	210	230
Chicago, Indianapolis & Louisville.	50	60
Chicago, Ind. & Louisville, pref....	60	75
Cincinnati, Hamilton & Dayton...	35	50
Cincinnati, Ham. & Dayton, pref..	65	70
Cincin., N. O. & Tex. Pac.........	130	140
Cincin., N. O. & Tex. Pac., pref...	102	106
Cincinnati Northern	50	60
Cleveland, Akron & Columbus.....	70	84
Cleve., Cin., Chic. & St. L., pref..	98	110
Delaware	42	46
Des Moines & Ft. Dodge, pref....	..	70
Detroit & Mackinac	75	85
Detroit & Mackinac, pref.	90	100
Grand Rapids & Indiana	40	50
Georgia, South & Florida	30	40
Georgia, South & Florida 1st pref.	90	95
Georgia, South & Florida, 2d pref.	70	75
Huntington & Broad Top	6	9
Huntington & Broad Top, pref...	20	30
Kansas City, Mexico & Orient...	15	18
Kansas City, Mex. & Orient, pref.	20	25
Louisville, Henderson & St. Louis.	12	18
Louisville, Hend. & St. L., pref...	30	37
Maine Central	205	...
Maryland & Pennsylvania	15	24
Michigan Central	155	175
Mississippi Central	30	35
Northern Central, new ctfs.......	200	...
Pitts., Cin., Chic. & St. L., pref..	101	112
Pittsburg & Lake Erie	296	...

	Bid.	Asked.
Pittsburg, Shawmut & Northern..	1	...
Pere Marquette	20	25
Pere Marquette, 1st pref.	35	42
Pere Marquette, 2d pref.	24	30
St. Louis, Rocky Mt. & Pac., pref.	..	40
Seaboard 1st pref...............	75	..
Seaboard 2d pref................	40	..
Spokane & Inland Empire.........	30	50
Spokane & Inland Empire, pref...	50	70
Virginian	20	25
Vandalia	80	84
Williamsport & North Branch	1	4

EQUIPMENT BONDS.

Quoted by Blake & Reeves, dealers in investment securities, 34 Pine st., New York.

Quotations are given in basis.

	Bid.	Asked.
Atl. Coast Line 4%, Mar., '17....	4¾	4½
Buff., Roch. & Pitts. 4½%, Apr., '27	4¾	4⅝
Canadian Northern 4½%, Sept., '19	5½	5
Central of Georgia 4½%, July, '16	5	4⅞
Central of N. J 4%, Apr., '13....	4⅝	4¼
Ches. & Ohio 4%, Oct., '16.......	5	4½
Chic. & Alton 4%, June, '16......	5½	5
Chic. & Alton 4½%, Nov., '18..	5½	5
Chic., R. I. & Pac. 4½%, Feb., '17	5⅝	4⅞
Den. & Rio Grande 5%, Mar., '11	5¼	4¾
Del. & Hud. 4½%, July, '22......	4¼	4⅛
Erie 4%, Dec., '11	5	5½
Erie 4%, June, '13	5½	4½
Erie 4%, Dec., '14	5	4½
Erie 4%, Dec., '19	5	4½
Erie 4%, June, '16	5	4½
N. Y. Cent. 5%, Nov., '11	4⅝	4¼
N. Y. Cent. 5%, Nov., '13.........	4⅝	4¾
No. West 4%, Mar., '17	4¾	4⅝
Pennsylvania 4%, Nov., '14........	4½	4¼
Seaboard Air Line 5%, June, '11..	5	4⅝
So. Ry. 4½%, Series E, June, '14	5½	4⅞

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

Quoted by S. H. P. Pell & Co., Members New York Stock Exchange, Brokers and Dealers in Investment Securities, 43 Exchange Place, New York City.

			Bid.	Asked.
Bleecker St & Ful Fy 1st 4s	1950	J&J	55	65
Bway Surf Ry 1st 5s..	1924	J&J	102½	104
Bway & 7th Av stock.....		....	120	130
Bway & 7th Av Con 5s.	1943	J&J	101	103
Bway & 7th Av 2d 5s.	1914	J&N	98	101
Col & 9th Av 1st 5s..	1993	M&S	99	102
Christopher & 10th St....		QJ	85	100
Dry Dk E B & Bat 5s.	1932	J&D	96½	100
Dry Dock E B & Bat Ctfs 5s	1914	F&A	30	40
Lex Av & Pav Fy 5s..	1922	M&S	96	100
Second Av Ry stock........		....	7	14½
Second Av Ry Cons 5s.	1948	F&A	50	56
Sixth Av Ry stock.........		....	115	125
South Ferry Ry 1st 5s.	1919	A&O	85	95
Union Ry 1st 5s.....	1942	F&A	100	103
Westchester El Ry 5s.	1943	J&J	65	75
Yonkers Ry 1st 5s..	1946	A&O	75	85
New Amst Gas Cons 5s.	1927	J&J	101½	102½
Central Union Gas 5s..	1927	M&S	102	103
Equitable Gas Light 5s.	1948	J&J	103	106
N Y & E R Gas 1st 5s.	1944	J&J	104	105¾
N Y & E R Gas Con 5s.	1945	J&J	99	101
Northern Union Gas 5s.	1927	M&N	..	...
Standard Gas Light 5s.	1930	M&N	103	106
Westchester Light 5s..	1950	J&D	100½	102
Brooklyn Ferry Gen 5s.	1943	....	15	24
Hoboken Fy 1st mtg 5s.	1946	M&N	103	107
NY & Bkn Fy 1st Mt 6s.	1911	J&J	90	96
NY & Hobok Fy Gen 5s.	1946	J&D	96	99
NY & East River Fy......		QM	20	28
10th & 23d St Ferry......		A&O	30	40
10th & 23d St Fy 1st 5s.	1919	J&D	65	75
Union Ferry		QJ	27	30
Union Ferry 1st 5s....	1920	M&N	96	100

COAL BONDS.

Quoted by Frederick H. Hatch & Co., dealers in investment securities, 30 Broad street, New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944	82	85
Cahaba Coal Min. Co. 1st 6s, 1922	105	...
Clearfield Bitum Coal 1st 4s, 1940	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	80	85
Continental Coal 1st 5s, 1952	92	96
Fairmount Coal 1st 5s, 1931	94	97
Kanawha & Hocking Coal & Coke 1st Sinking Funds 5s, 1951	99	101
Monongahela River Con. Coal & Coke 1st 6s, 1949	109	113
New Mexico Railway & Coal 1st & Coll. Tr. 5s, 1947	95	100
New Mexico Railway & Coal Con. & Coll. Tr. 5s, 1951	96	99
O'Gara Coal Co. 1st 5s, Sept., 1955	77	81
Pittsburg Coal Co. 1st & Coll. Tr. Sinking Fund 5s, 1954	105	109
Pleasant Val. Coal Co., 1st 5s, 1928	86	90
Pocohontas Consol. Collieries 1st 5s, 1957	80	85
Somerset Coal Co. 1st 5s, 1932	108	110
Sunday Creek Co. Coll. Tr. 5s, 1944	64	67
Vandalia Coal 1st 6s, 1930	100	...
Victor Fuel 1st 5s, 1953	85	90
Webster Coal & Coke 1st 5s, 1942	78	82
West End Coll. 1st 5s, 1913	95	100

REALTY SECURITIES.

Quoted by Peabody & Co., specialists in real estate securities, 42 Broadway, New York.

	Dividend.	Bid.	Asked.
Ackerson, T. B. Co. com.	5%	200	...
Ackerson, T. B. Co. pfd.	8%	97½	100
*Alliance Realty Co.	8% Q. Apr.	119	123
Bond & Mtg. Guar. Co.	12% Q. Feb.	242	246
City Investing Co.		55	59
City & Sub. Homes Co.	4% Jne.&D.	8¼	9¼
Lawyers Mortgage Co.	12% Q. Jan.	255	260
Lawyers Tit. I. & T. Co.	12% Q. Jan.	244	248
Monaton Realty & Investing Corp., com.	5%	...	85
N. Y. Mtg. & Sec. Co.	12% Q. Jan.	210	217
N. Y. R. E. Sec. Co., Conv., 1st pfd.	7%	98	100
Realty Associate Co.	6% J. & J.	100	103
Title Guar. & Tr. Co.	20% Q. May	495	505
Am. Real Estate Co., Gold	6%	90	100
Estates of Long Beach,	6%	..	90
Greeley Square Realty Co.,	5%	..	88
Hotel Rector, 2d Mtg., 5%, 1919		..	95
Inter Borough Realty Co., Profit Sharing	5%	..	95
Improved Property Holding Co. of N. Y., 6%, Series A		102	...
Improved Property Holding Co. of N. Y., 6%, Series B		95	100
Mortgage Bond Co., 20 yr.	4%	88	90
Monaton Realty & Invest. Corp.,	6%	90	100
N. Y. R. E. Sec. Co., Gold Mtg.	6%	98	100
New York Realty Owners, Guar.	6%	95	100
N. Y. Central Realty Co., Gold	6%	95	100
Queensboro Corporation, Part.	5%	95	100
Underwriters Realty & Title Co.,	6%	..	85
Vanderbilt Realty Co.,	5%	..	20

* 6% extra dividend 1910.

POWER COMPANY BONDS.

Quoted by Wm. P. Bonbright & Co., bankers, members of the New York Stock Exchange, 24 Broad street, New York.

	Bid.	Asked.
Guanajuato Power & El. Co. com.	32	34
Bonds, 6%, due 1932 (Int.)	94	100
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com. stk. div.)	74	76
Arizona Power Co., bonds 6% due 1933	85	93
Arizona Power Co. pref.	56	...
Arizona Power Co. com.	22½	25½
Great Western Power Co. bonds, 5%, due 1946	85	87
Mobile Elec. Co. bds., 5%, due 1946	..	90
Mobile Electric Co., pref., 7%	83	90
Mobile Electric Co., com.	25	...
Amer. Power & Lt. Co., pref., 6%	82	84
Amer. Power & Lt. Co., com.	68	73

ACTIVE BONDS.

Quoted by Swartwout & Appenzellar, bankers, members New York Stock Exchange, 44 Pine street, New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	102	103
Amer. Steel Foundries 4s, 1923	70	71
Amer. Steel Foundries 6s, 1935	103	104½
Balt. & Ohio, Southwest. Div. 3½s	90⅝	91⅛
Bethlehem Steel 5s	88	89
Chi., Burlington & Quincy Gen. 4s	96½	97½
Chi., Burl. & Quincy Ill. Div. 4s	99½	100
Chi., Burl. & Quincy Ill. Div. 3½s	87¾	88¼
Cin., Hamilton & Dayton 4s	98⅝	98¾
Denver & Rio Grande Ref'ng 5s	92½	93
Louis. & Nashville unified 4s	98	98¾
Mason City & Ft. Dodge 4s	83½	84
Norfolk & West. Divisionals 4s	93	94
Savannah, Florida & Western 6s	124½	127
Va. Carolina Chem. 1st 5s	101⅛	102
Western Maryland 4s	86¼	87
Wheeling & Lake Erie cons. 4s	84¼	85
Wis. Central, Superior & Duluth 4s	92½	93⅛
Western Pacific 5s	94¼	95

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., brokers and dealers in miscellaneous securities, 33 Wall Street, New York.

	Bid.	Asked.
Adams Express	231	240
American Brass	124	127
American Chicle com.	231	236
American Chicle pref.	104	108
American Coal Products	98½	101
American District Tel. of N. J.	47	49
American Express	240	248
American Gas & Electric com.	55	58
American Gas & Electric pref.	42	44
American Light & Traction com.	288	292
American Light & Traction pref.	104	106
Babcock & Wilcox	100	102½
Borden's Condensed Milk com.	120	122
Borden's Condensed Milk pref.	108	110
Bush Terminal	95	105
Childs Restaurant Co. com.	162	172ex
Childs Restaurant Co. pref.	111ex	...
Del. Lack. & Western Coal	315	330
Du Pont Powder com.	150	160
Du Pont Powder pref.	83	86
E. W. Bliss com.	122	125
E. W. Bliss pref.	122	130
General Motors com.	40	42
General Motors pref.	79	82
Hudson & Manhattan com.	18	21
International Nickel com.	175	190
International Nickel pref.	91	94
International Silver pref.	112	115
Kings Co. E. L. & P.	129	131
Otis Elevator com.	60	63
Otis Elevator pref.	97	99
Pacific Gas & Electric com.	62	65
Pacific Gas & Electric pref.	88	91
Phelps, Dodge & Co.	218	223
Pope Manufacturing com.	52	57
Pope Manufacturing pref.	72	77
Producers Oil	125	135
Royal Baking Powder com.	177	184
Royal Baking Powder pref.	107½	109
Safety Car Heating & Lighting	126	128
Sen Sen Chiclet	138	142
Singer Manufacturing	300	310
Standard Coupler com.	41	45
Texas & Pacific Coal	99	105
Tri-City Railway & Light com.	33	36
Tri-City Railway & Light pref.	92	94½
U. S. Express	98	103
U. S. Motors com.	37	39
U. S. Motors pref.	69	72
Union Typewriter com.	40	42
Underwood Typewriter pref.	102	104
Underwood Typewriter com.	61	64
Virginian Railway	22	28
Wells Fargo Express	159	164
Western Pacific	22½	25½
Western Power com.	31	34
Western Power pref.	54	58
Worthington Pump pref.	106	108

FOREIGN GOVERNMENT AND MUNICIPAL BONDS.

Reported by Zimmermann & Forshay, 9 Wall Street, New York.

	Bid.	Asked.
German Govt. 3½s	94	95
German Govt. 3s	84½	85½
Prussian Consols. 4s	102	103
Bavarian Govt. 4s	101	102
Hessian Govt. 3½s	91½	92½
Saxony Govt. 3s	83	84
Hamburg Govt. 3s	82½	83½
City of Berlin 4s	100½	101½
City of Cologne 4s	100	101
City of Augsburg 4s	99¾	100¾
City of Munich 4s	100	101
City of Frankfurt 3½s	93½	94½
City of Vienna 4s	95	96
Mexican Govt. 5s	99½	100½
Russian Govt. 4s	92½	93½
French Rente 3s	97	98
British Consols. 2½s	79½	80½

TRUST COMPANIES

Conducted by Clay Herrick

TRUST DEPARTMENTS FOR NATIONAL BANKS

ONCE more the proposition is advanced to authorize national banks to undertake trust business,—the recommendation coming this time from the Secretary of State in his annual report, which approves the plan of permitting national banks to exercise all the functions that other banking institutions exercise. The plan would affect in particular savings business and trust business, both of which are to some extent already undertaken by many national banks, without specific authorization. Several times in these columns we have pointed out the tendency of national banks to encroach upon these fields, as well as the tendency of trust companies to encroach upon the field of commercial banking. The evidence is that such encroachments are steadily progressing, athough counteracted in some places by alliances which place a national bank and a trust company under the same general management, but keep their business separate.

The ultimate effect of permitting national banks to freely perform savings bank and trust company functions is hardly a matter of doubt. It would inevitably lead to a condition in which the great majority of our financial institutions, especially in the larger cities, would be of one kind,—combining all the functions of the present national bank, the savings bank and the trust company. Here and there individuals

of the different types would survive, but the tendency would be toward their gradual elimination.

Whether the tendency would make for the public good may, of course, be a matter for debate. There are grounds for the feeling that, for the present, at least, it would not.

Justification for the change might come with proof of greater safety or greater economic service, or both. It would be difficult to establish proof of either. Some argument for the superior safety of national banks due to the system of reports and of examinations may be made, and it must be said that such safety is being enhanced by the progressive policy of the present Comptroller. Yet the argument is based upon the past rather than the present. To-day we have a number of States in which the State chartered institutions are subjected to quite as careful supervision as are the national banks, and every year sees marked improvement in many States. The temper of the people is such that we may safely predict that the day is not far distant when most of the States will have banking departments which will supervise their banks with as much care as does the national government the national banks; and the opportunity is open to every State. It may well be doubted whether the safety of banks all over the country can be assured as well by one central Federal department as by separate departments devoting themselves each to the special problems of its particular State. Moreover, the responsibilities of the Comptroller and the opportunities for danger would be vastly increased were the national banks to combine the functions of commercial banks, savings banks and trust companies.

The element of safety would be affected, too, by the different classes of investments for the several classes of banking institutions, prescribed alike by statute, by custom and by common sense. It is axiomatic to say that savings funds or trust funds may with safety be placed in long-time investments whose holding might be fatal to the commercial bank; while the unsecured loans of commercial banks are ordinarily forbidden for the investment of savings and trust funds. The whole question of the investment of the funds of a commercial bank differs so vitally from that of the investment of savings or trust funds, that one may be an expert in the one line and almost a novice in the other.

The element of safety against runs afforded by the time notice usually allowed savings banks could not wisely be extended to cover commercial deposits, for that might throttle industry. It might, of course, be permitted to the savings department of a national bank; but the free paying of commercial deposits in a bank whose savings deposits are tied up under sixty or ninety day notices borders upon the preferring of creditors, and has decided disadvantages.

That the proposed change would result in greater economic service than the present system would be equally diffcult to prove. It is easily shown that our present civilization needs the services of the commercial bank, the savings bank and the trust company. Each is indispensable. But it does not follow that those services can best be secured through corporations combining the functions of the three. In an age of specialists and specialism there is much reason to doubt it.

The differences between the performance of trust functions and the conducting of commercial banking are vital. Rare indeed are the men who are adapted to the work of managing both kinds of business with any degree of success. While they have points of contact, the two lines of work differ essentially in the equipment needed. There is small probability that the public would be as well served by one group of men performing the various services as by specialists who confine themselves to the lines of effort for which they are best trained and adapted.

From the standpoint of economy and consequent profit to those who owned a corporation performing all the functions named, something may be urged

in favor of the proposition. But this argument, if granted, would hardly be forceful until the human race has so far advanced that the benefits of the economy might be expected to accrue to the people as a whole.

There is also some argument for the plan in the greater uniformity in our financial institutions which would be assured. If such uniformity could be secured without excessive disadvantages in other respects, it would be in many ways desirable. To many people the varied character of our banking institutions is a source of confusion. But the advantages of uniformity would be comparatively unimportant; while a degree of uniformity which would make impossible the adaptation to the needs of particular communities would be harmful. Whatever the weak points of our present systems of banking in the various States, one very strong point has been the manner in which they have fitted themselves to the needs of the people whom they serve.

The welding of all our financial institutions into one uniform system directed by a central authority also suggests the chief argument advanced against the proposed central bank—namely, the possibility of monopoly control. While this possibility may not reasonably be made a bugaboo, on the other hand the fear of it cannot justly be treated with slight consideration. If "Eternal vigilance" was "the price of Liberty" prior to the industrial era, the fact is yet more conspicuous in this day when the world's battles are fought in the market places rather than on the field of arms.

INTERESTING YEAR FOR TRUST COMPANIES

DEVELOPMENTS have already indicated that 1911 is to be an unusually interesting and important year in trust company circles. Events that may have far-reaching effects upon the future of the trust company as an institution have "cast their shadows before." Perhaps the most important development is the suggestion, contained in the recent report of the Secretary of the Treasury, that national banks be permitted to do all the things that any bank legitimately does, including the performance of trust functions. We discuss this in another column.

The old question of admitting trust companies to the clearing house is being renewed in some quarters, notably in Philadelphia and in Cleveland.

The reduction of interest rates continues to demand attention in many quarters,—a matter which is of vital interest to trust companies.

Following the decision of the Supreme Court affirming the constitutionality of the deposit guarantee laws in three States, there is the possibility, not to say probability, that similar statutes will be proposed in other States. Indeed, at this writing such bills have been introduced in Montana, South Dakota, Iowa and Wisconsin, and are in committee in other States.

The progress of the postal savings banks will be watched with interest as to its effects upon trust companies and other State banks.

As stated in these columns last month, most of the State legislatures are or will be in session this year, and there is every prospect of a large number of bills affecting trust companies and other State banking institutions. Proposed banking legislation in twelve States has already come to our attention, including the contemplated establishment of banking departments in Alabama, Arkansas and Tennessee. In a number of instances, the State Bankers' Associations are making effort to amend the banking laws.

With all of these questions—and others—up for discussion and settlement, it is evident that those interested in trust companies will scan the news with more than ordinary care. They may well do more than that, by taking an active and studious part in the forming of sentiment, the frank discussion of the problems and the legitimate influencing of legislation.

SAFE DEPOSIT

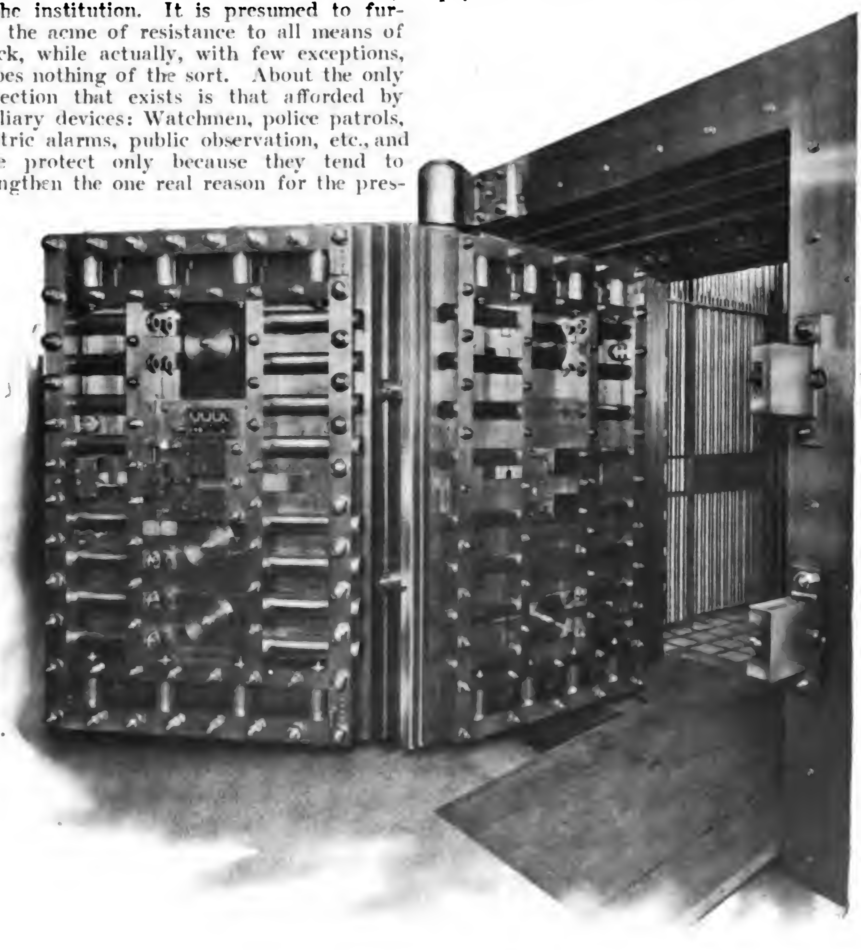
VAULT BUILDING—THE BACKWARD STATE OF THE ART, THE REASON AND THE REMEDY

By Frederick S. Holmes

The following article upon the backward art of vault construction was written specially for The Bankers Magazine *and merits careful reading. Mr. Holmes, the writer, has made a life study of the engineering problems involved in the design and manufacture of steel vaults and is therefore qualified to speak plainly on this rather neglected art. He has designed vaults for many of the largest banks in this country.*—[Ed.]

THE vault-work of this country presents the greatest anomaly of the times; trusted implicitly by bankers and the public—understood by neither, in its present state it is a constant menace to the welfare of the individual and the safety of the institution. It is presumed to furnish the acme of resistance to all means of attack, while actually, with few exceptions, it does nothing of the sort. About the only protection that exists is that afforded by auxiliary devices: Watchmen, police patrols, electric alarms, public observation, etc., and these protect only because they tend to strengthen the one real reason for the present comparative immunity to attack—the fear of capture.

Psychological protection, however, is a most uncertain quantity, and will lose much of its value whenever the absence of the physical element is demonstrated, and this

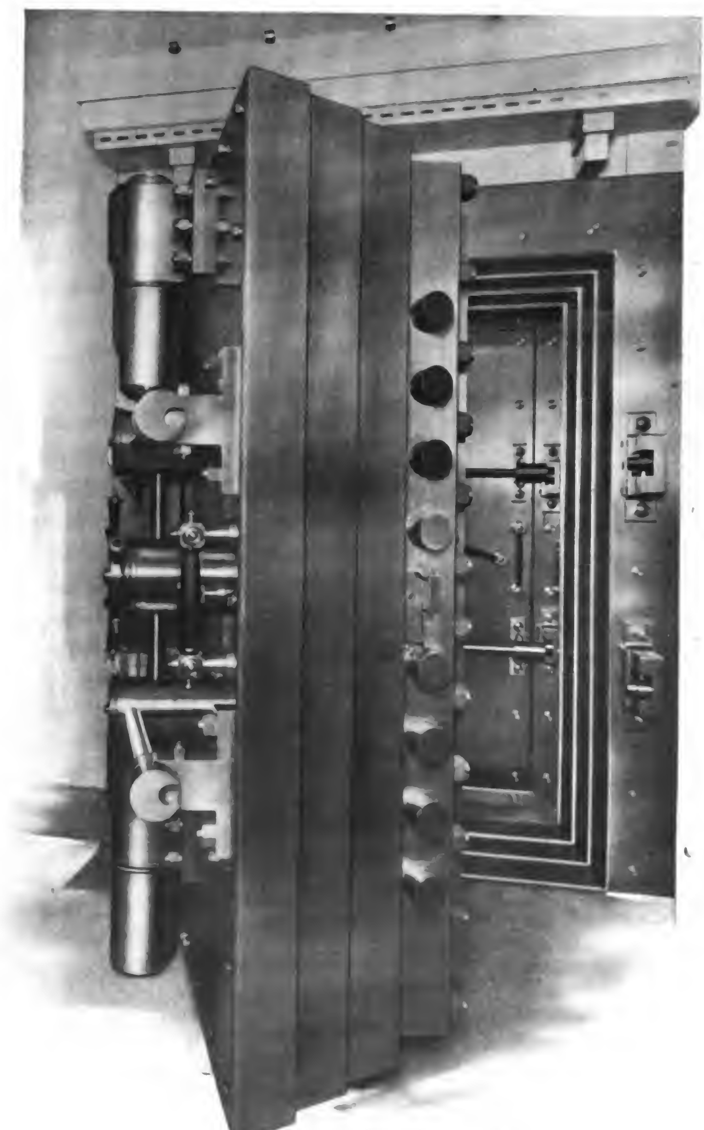


MODERN VAULT DOORS OF COMPOSITE CONSTRUCTION, SHOWING BOTH DOORS OPEN

A TYPICAL MODERN SINGLE DOOR OF COMPOSITE CONSTRUCTION, EIGHTEEN INCHES THICK

article is written with the hope of stimulating the banker's interest in a subject vital to his profession as well as to the entire country, by outlining some existing facts, with a statement of the reasons that have led to them and to suggest a way for their betterment.

What is the present status of the art of vault-building? We frequently read that its progress is comparable with that of our battleships, and are reminded that the conflict between burglars and vault-makers is similar to that between the makers of guns and those of armor; first one being ahead and then the other. This sounds well, but is pure fiction. Whatever burglars may have done a generation ago, they have taught the present makers nothing. It is often said, and I know of no refuting evidence, that not once during the past twenty-five years have burglars so much as attempted an attack upon any vault that could even pretend to a fair amount of resisting qualities. This, of course, does not

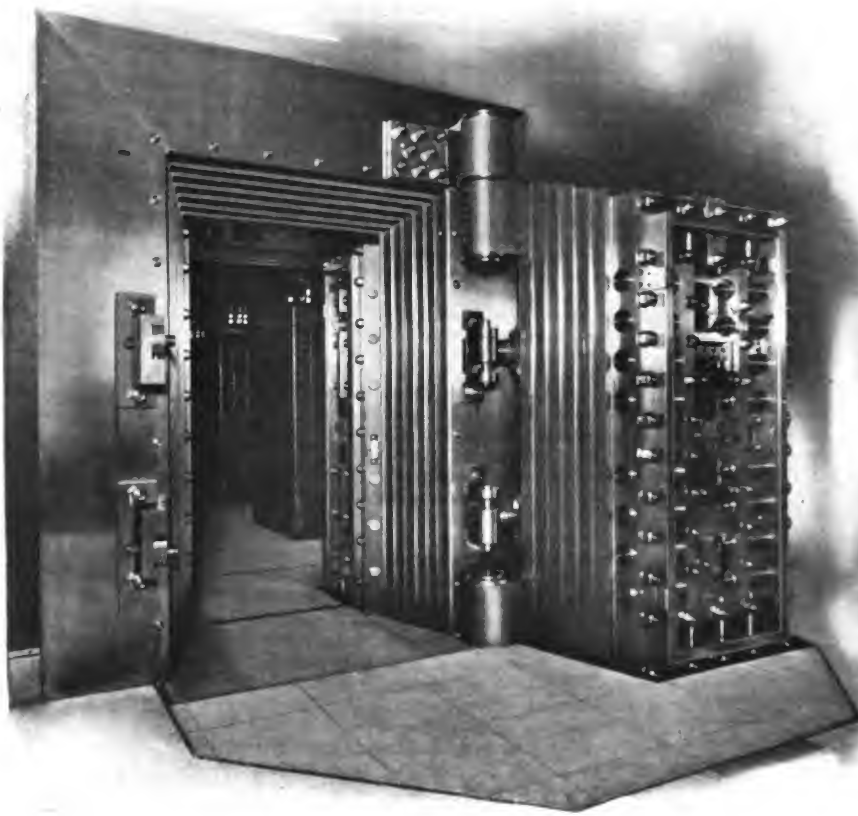


MODERN VAULT DOORS OF COMPOSITE CONSTRUCTION, SHOWING THE INNER DOOR CLOSED

include simple fireproof vaults, nor safes, either fire or burglar-proof, which are successfully burglarized daily.

As a matter of fact, the art has advanced but slowly, and aside from a few notable examples, practically all vaults continue to be built upon designs that are thirty years old. This means that much of the vault-work in existence to-day is practically worthless, can be successfully attacked in the burglars' own time, with old-fashioned appliances and in an almost incredibly short time by new, but already well-known methods, and this regardless of the price of the work; some vaults costing fifty thousand to one hundred and fifty thousand dollars, and of recent make are included in this statement. And this takes no account of mob attack, where two important factors are to be added to the other methods: a maximum of physical force including the use of explosives and freedom from interruption. Under these conditions few indeed are the vaults that would afford successful resistance.

That this condition is being recognized, however, is shown by the character of some work recently finished and other contracts now under construction; one eastern bank has ordered doors three feet thick; and while this is being written, the government is taking estimates on work of even heavier design—one vault is to have doors four feet thick. These examples and the best of all recent work are of the composite type of construction, which alone affords protection against that most dangerous of all practical methods of attack, the oxy-acetylene and oxy-hydric flames.



MODERN LEVEL ENTRANCE SECURED BY INSTALLING A MOVABLE FLOOR SECTION

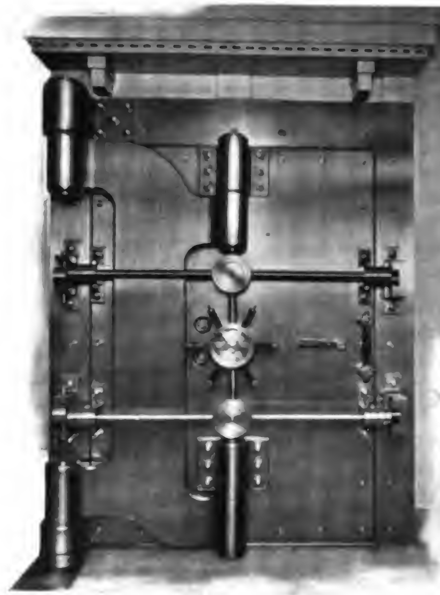
What is the reason for such conditions? It is a peculiar one, in that it does not apply to any other line of business, but easy to understand when pointed out. Briefly, it is the combination of three factors; absolute inaction on the part of the burglar, ignorance of the subject on the part of the banker, and inequitable competition on the part of the maker; a more deplorable condition can scarcely be imagined and the results are perfectly logical. Unlike other manufactured products, a vault contract ends with the sale and delivery, and the

work is never called upon to withstand the test for which it was built; so long as the doors open and the bolts throw, nothing further is required, and even if the owner should discover that his vault is not all that he had thought, business prudence forbids him to advertise the fact, and he must still insist that the work is what it should be.

Primarily the fault, unintentional though it is, lies with the banker; he invites competition upon a general basis only and then is forced to decide upon details of construction with which he is unfamiliar, both as to design and behavior under test. He also lacks knowledge of the many methods of attack, and must base his decisions upon the statements of competing salesmen, which are frequently ambiguous and often conflicting. In no other business transaction is he at such disadvantage, and the results prove it; if he recognizes his inability and trusts the decision to his architect, precisely the same conditions obtain. Further, if he employs an incompetent specialist, the result may be the expenditure of a large sum of money without a correspondingly good result, and there are many examples of such misplaced confidence.

In view of all this it is remarkable that the condition of the vault-work throughout the country is not worse than it actually is.

What is the remedy? Let us understand in the first place that the manufacturer will build any class and any kind of work that the bank asks for, and he is not to be blamed for the results; he faces sharp competition at each sale and must keep his factory going, if not with good work, then with poor. The whole problem, therefore, hinges upon the ability of the banker to ask for what he should have and then see that he gets it. Obviously this means the employment of an engineer qualified to act for him, and it is by such service that the character of recent work has improved. One condition favoring such procedure lies in the fact that the day of specialties in vault building has passed and that all makers build work alike, designs and methods being



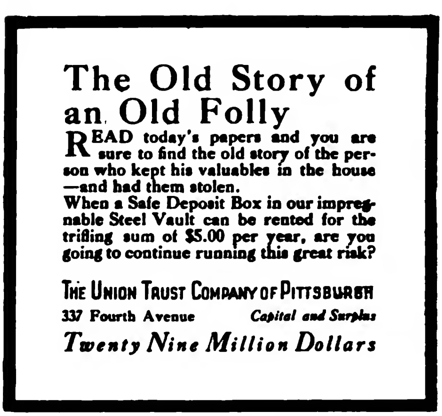
TYPICAL VAULT DOOR HINGE AND PRESSURE MECHANISM

practically the same in all factories, and this fact also makes possible the truest of competition when estimates are asked upon a thoroughly detailed specification of an engineer.

The best class of work that *can* be built by the various makers is all that the banker need ask for to-day; it will provide ample protection, and if secured through real competition the cost is not excessive. Correct design, however, is the first essential, and this is not possible under ordinary commercial conditions. The needs of each bank or safe deposit company should be studied individually and the work designed accordingly.

There is no need to recommend the employment of an architect in the erection of a bank building; this is universal practice; but the education of bankers in relation to their vault-work has not as yet reached a point where they realize the even greater necessity for the employment of a competent specialist. This work is the physical keystone of their business, and should be designed in their interests rather than in the interests of the manufacturer.

The remaining point is the difficulty of selecting proper engineering skill, and the suggestion is made, in view of the vital im-



GOOD COPY—GOOD SET-UP—AN EFFECTIVE SAFE DEPOSIT ADVERTISEMENT

portance of the subject, that bankers' associations appoint a standing committee, composed of members of their profession and mechanical and civil engineers of high standing to investigate the subject and to make recommendations to the entire banking fraternity. It is certain that they would meet with the hearty co-operation of the makers, who recognize the present unfortunate conditions, and would welcome the results that would surely follow.

The same procedure is recommended to bankers individually, not alone those who contemplate purchasing new work, but to every banker. The prevailing ignorance of this subject and the mystery with which for years it has been surrounded, seems inexcusable to-day. Time was when secrecy was a good safeguard; at present the construction of a good vault cannot be too widely advertised; public knowledge of its details would be the best possible insurance against attack, and the banker, responsible for the safe-keeping of the wealth of the nation, owes it to himself and to the public to perfect his knowledge of the subject.

FOREIGN BANKING AND FINANCE

EUROPEAN

BANK OF FRANCE

THE annual report of this institution for the year 1910, recently made public, has the following to say in reference to the action of the bank in supplying gold to other markets:

> During the autumn we have been in presence of a monetary tension which quickly brought about the rise of the London official discount rate to five per cent. Influenced by this, for the time being exchange became unfavorable to us; and we have been obliged to accept once more the discount of foreign bills in order to lessen the general tension and prevent in our own market a money tightening contrary to our commercial interests. The importance of our metal reserves allowed us, without inconvenience, to release the quantities of gold necessary to spare ourselves an annoying rebound while ameliorating the conditions of the international market.
>
> Importing business would have become peculiarly difficult if the banks of our country, favored and upheld by the very moderate discount rate of the Bank of France, had not been able to give very wide margins to French importers and manufacturers. . . . This cheapness of money and bank credit has also undoubtedly favored the exportation of manufactured products, the value of which tends to compensate the rise in the materials of which they are composed.

The report calls attention to the fact that the French market alone has profited, during the whole course of the year 1910, by an unchanged and moderate discount rate (three per cent.), and that no foreign mar-

ket has at any time of the year enjoyed a lower rate. There have been nine variations in the London official rate, five in Switzerland, four in Brussels and Amsterdam and three in Berlin. The average rate for the year has been 3.52 in Switzerland, 3.72 in England, 4.12 in Belgium, 4.19 in Austria-Hungary, 4.24 in Holland, 4.35 in Germany and 5.10 in Italy. During the period of thirteen years, 1898-1910, the number of discount variations has been ten for France, fifty-four for Germany, sixty-nine for England, nineteen for Austria-Hungary, thirty-one for Belgium, twenty-seven for Holland and fifty-two for Switzerland. France has ranged from a minimum rate of three to four and one-half maximum; Germany, three to seven and one-half; England, two and one-half to seven; Austria-Hungary, three and one-half to six; Belgium, three to six; Holland, two and one-half to six; Switzerland, three to six.

LONDON CITY AND MIDLAND BANK, LTD.

AT the annual meeting of the shareholders of this bank, recently held in London, Sir Edward Holden, Bart., the Governor, delivered an interesting address, reviewing not only the position of the bank, but the general business situation as well. Referring to affairs in this country, he said:

"The eyes of all countries have been fixed on America during the past year. Her securities being held largely throughout the world, almost every Bourse is affected by their rise and fall. In 1910 they fell considerably below the level of 1909, and serious losses were made. It is difficult to understand her present position. The political question, the State attacks on the corporations, and the currency question, are at the present time all to the front, and her people really do not know where they are or what may happen. Of the three questions, by far the most important is the currency question, and the most serious part of that is the gold underlying and protecting her liabilities. She is not retaining the amount of new gold necessary to protect her increasing credits. After having taken from us large quantities of gold in 1907, she lost in 1908 about six millions sterling, and in 1909 about eighteen millions, while in 1910 it was only by special effort that she was prevented from losing any more. Against this loss of twenty-four millions in the three years, her home production amounted to about fifty-eight millions sterling. The amount used in the arts and manufactures in the same period was about eighteen millions sterling, leaving about sixteen millions more gold on balance in the country than at the end of 1907. Her expenditure is too great, her prices are too high, and either her imports are too much or her exports too little. For the twelve months ending December, 1909, there was an excess of exports over imports of about fifty millions sterling, and the excess for 1910 was about sixty millions sterling, making the surplus exports for the two years about 110 millions sterling. But as her additional liabilities for interest, etc., payable abroad must approximate from eighty to 100 millions sterling per annum, she would thus, taking the larger figure, be deficient on the two years about ninety millions sterling.

"Her exchanges ran up to gold point in the first part of the year, but the sale of exchange created by new issues placed in Europe to pay for her liabilities, together with the fall in her securities, drove down and kept down her exchanges from the gold point until her produce came forward, and thus protected the gold. To pay old liabilities, however, by the creation of new ones cannot be repeated often with immunity. To prevent repetitions of this species of finance, either her exports must increase or her imports must diminish. To effect either of these is the problem which confronts the United States at the present time. Her bankers have great power. They are the creators of loans and of credits. In the spring of 1910, recognizing, I presume, the difficulties of the position, they checked

their loans, thus checking new imports, and the effect was seen in her clearing-house returns, which, as compared with 1909, were about 400 millions sterling down at the end of December, 1910. Her new issues for 1909 amounted to 336 millions sterling, and for 1910 they amounted to 303 millions sterling.

"Touching the questions of the State attack on the railways, the action of the Interstate Commerce Commission against the large corporations, and politics in general, these matters undoubtedly have had, and will have, a great effect in retarding the expansion of business.

"To witness low rates for money when gold is leaving the country seems paradoxical, but it is easily comprehensible when we know that currency is created to a large extent on a basis other than gold."

Coming down to the affairs of the London City and Midland Bank, Ltd., Sir Edward made this statement:

Our profits for 1910 after having provided £49,614 for income tax amounted to	£801,781
Out of this we shall have paid in dividends	£718,062
Leaving	83,719
From which we have provided for bank premises	20,000
And for staff pension fund	10,000
Leaving a balance of	53,719
We brought forward from last year	179,740
We have taken out of this sufficient to make with our surplus a sum of	131,157
Which we have used to write down all our investments to below market value.	
This will leave our carry forward for the present year at	102,301

"This is the second occasion on which we have reduced our carry forward for the purpose of writing down investments, and the soundness of the policy of carrying forward a substantial amount is thus again demonstrated.

"Our capital account has been increased by £190,137 10*s*. and our reserve fund by £171,123 15*s*. in consequence of the amalgamation with the Bradford Banking Company.

Our deposits are now	£73,414,509
Against	69,644,519
Being an increase of	3,769,990
Of this amount about	1,250,000
is due to the amalgamation with the Bradford Bank, leaving an increase of	2,519,990
from our own business.	
Our acceptances are	£6,461,941
Against	5,128,918
Being an increase of	1,333,023
This increase is mainly due to acceptances against cotton.	
Our cash and bullion in hand and balance at the Bank of England is	13,332,567
being 18.1 per cent. of our current and deposit accounts, against	13,063,800

last year, which was 18.7 per cent. of our liabilities.

Our money at call and short notice amounts to	9,810,744
Against	9,868,196
Our investments are	8,697,124
Against	8,988,302
The difference is due to depreciation of securities and to short investments which have been paid off.	
Our advances are	41,088,146
Against	36,897,233
This year, of course, the figures of the Bradford Banking Company are included.	
Our premises stand at	1,840,672
Against	1,771,610

"The difference is due to our having built a number of new branches, as well as to the rebuilding of some of our old offices which required better premises to accommodate their expanding business."

IMPROVED TRADE CONDITIONS IN GREAT BRITAIN

COMMENTING on the foreign trade conditions in Great Britain, the London *Statist* of recent date says:

In 1910 this country was able to purchase and to pay for (1) unprecedented quantities of food and raw materials, imported from abroad, needed by a population growing rapidly in numbers and still more rapidly in wealth; (2) a moderate amount of foreign manufactured goods; and (3) £165,000,000 of Colonial and Foreign securities, which carry with them the right to receive annually from other lands over £8,000,000 worth of food, raw materials, or manufactured goods without further payment. The receipt of this income will enable all the additional population of last year to be fully employed in converting the food and raw materials which we shall receive in payment of interest into manufactured articles, and the total production of wealth in this country which will result from this increased annual income from interest on capital employed abroad, judging by experience, will be several times greater than the additional income.

We have been able to pay for the vast quantity of food, raw materials, semi-manufactured and full manufactured goods we have imported in the past year, as well as the large quantity of colonial and foreign securities we have bought, without any difficulty. First of all, the value of the goods we have exported, which are the produce and manufactures of the United Kingdom, has reached the unprecedented total of £430,589,000. Secondly, the interest on our foreign investments has been in the neighborhood of £175,000,000. Thirdly, our great fleet of mercantile vessels, the net tonnage of which is now nearly 12,000,000 and the gross tonnage of which is close to 19,000,000, has brought a great income to this country. No recent estimate has yet been made of the annual sum we receive from the services of our fleet. But including profits, depreciation, insurance, the commissions, salaries, and wages paid in this

country, the coal placed in the bunkers, and which is not included in the value of our exports, the British dock and harbor dues, the sums spent for provisions, for repairs, and for other purposes in this country, it is evident that the British people derive an income of about £100,000,000 a year from their mercantile marine. And beyond these three items of exports, interest, and shipping are all the other services which the British people render to other lands, including banking, brokerage, insurance, education, entertainment, etc.

A COMMUNITY OF BANKING INTERESTS

FROM the London *Statist* is is learned that during the discussion of the bill for the renewal of the charter of the Austro-Hungarian Bank, in the Austrian committee, Dr. de Bilinski, ex-Minister of Finance, and a past Governor of the Austro-Hungarian Bank, stated that representatives of the German Imperial Bank had suggested the creation of a treaty relationship between the Reichsbank and the Austro-Hungarian Bank. While recommending the proposal to the attention of his successor in the Ministry of Finance, Dr. de Bilinski added that the question could be only of a clearing relationship, since no State could give up its national currency. It seems plain, however, from what Dr. de Bilinski, proceeded to say, that the Reichsbank desires very much more than the mere establishment of clearing-house relations, that it proposes no less, in fact, than the adding together of the reserves of the two banks and the permitting of each of them to help itself to the gold accumulated at great cost and trouble by the other. Upon this remarkable proposal the ex-Minister of Finance of Austria went on to point out that as the German Imperial Bank requires gold much oftener than the Austro-Hungarian Bank, the latter would be, if the proposal were adopted, the giver. At the same time he admitted that Austria-Hungary would be the gainer, since it would be protected against the dangers that sometimes threaten from the Berlin money market.

INCREASE IN BANKING CAPITAL

THE Vienna correspondent of *The Economist* of London says that shortly Austrian investors will be called on to furnish one hundred million crowns capital for investment in banks. Both the Unionbank and Verkehrsbank have already raised

the amount of their capital in shares, and now the Austrian Creditanstalt is about to offer 93,750 new shares to its founders and old shareholders. Fifty-six million crowns will have to be paid down for these shares, being quite one-fourth of the bank's entire capital in shares. After the Creditanstalt the Depositenbank will appeal to investors for raising its capital by a comparatively small amount, and last of all, the Hungarian Kreditbank will demand a larger sum, the total of the five banks' raised capital to amount to 100 million crowns.

The wish of the Creditanstalt to raise its capital in so marked a manner is attributed to several important transactions about to be undertaken, such as converting the great industrial establishments, foremost among them Ringhoffer, into joint-stock companies. But the *Neue Freie Presse* asserts that the necessity for raising the capital of the Creditanstalt does not lie in the future, but in the past.

Within the last four years the account of debtors has increased by 150 millions, that of depositors by 200 millions. The bank has twenty branch offices, and extends its transactions to the remotest parts of the empire. It is intimately connected with many branches of industry, among its customers being the Skoda works, the Stabilimento Tecnico in Trieste, and other firms that require credit to carry out extensive military orders, for which they can only be reimbursed after several years have elapsed.

The money required for these purposes cannot be taken from the deposits, but must be furnished by the capital. The raising of the bank's capital is much more justified when the necessity for it arises from a steady increase of ordinary business than it would be if it were caused by a single financial transaction, which, when it has been successfully completed, disappears from the books of the bank. Another reason for raising the capital of the Creditanstalt was that two other Vienna banks had recently raised their capital to amounts higher than those owned by the Creditanstalt, whose original figure was 120 millions, raised to 140 in 1906. By adding fifty-six millions more the Creditanstalt is again at the top of the tree.

NUMBER OF BANKS IN GREAT BRITAIN

REVIEWING the progress of banking in Great Britain and Ireland for 1910, the *London Bankers' Magazine* states that there are now nearly four times as many banking offices in England and Wales as there were in 1872. There has also been an increase, though not so large, in Scotland. In Ireland the proportion of bank offices to inhabitants has steadily decreased.

There are 8,156 offices of banks doing business within the United Kingdom and 123 offices of colonial and foreign banks—a total of 8,279.

The greatly extended districts over which banks conduct their business is shown by the fact that four large banks alone whose business is carried on in England and Wales, control at the present time collectively more branch offices than all the banks in the whole of the United Kingdom did about fifty years since, while twelve banks, including the four referred to, have among them more than double the whole number of bank offices that existed then.

LATIN AMERICA

AN INTERNATIONAL AMERICAN BANK

By Elmer H. Youngman, Editor of THE BANKERS MAGAZINE—Address Before the Pan-American Commercial Conference, Washington, D. C., February 17.

BEFORE entering on the discussion of a proposal to establish an American bank in Latin America or other foreign countries, it might be well to inquire, first, whether or not such a bank is needed; and, second, if found to be needed, what sort of bank it ought to be. These are very simple questions, perhaps, but to my mind they are of great importance.

First, as to the need of an American bank, or banks, in Latin America, opinion is far from being unanimous. We are told by some that the existing banks stand ready to supply all facilities necessary to carry on trade between the United States and Latin America, and that no necessity exists for establishing American banking institutions for further developing our commerce. That view, I think, is not entertained by those who have a practical first-hand knowledge of the subject.

Banking is not an entirely passive and impartial instrument of commerce. The railway or the ship may, possibly, be as ready to carry the goods of one nation, or of one merchant, as of another. Not so with banking. Each bank has its clients, as the lawyers have theirs. A bank selects its dealers, and deals only with whom it chooses. Sometimes the selection may be made from the standpoint of location, of particular lines of business, even of nationality. Banking may be cosmopolitan in many of its aspects, but the considerations named—and others that might be cited—have an important bearing on the business of those who deal with banks.

Besides, in many portions of Latin America, as in all partially-developed countries, a bank is other than a mere institution of deposit and discount. It assumes not infrequently the duties of a financial and commercial agent, with functions much wider than those pertaining to banking as generally understood.

If anyone from the United States should be in any country of Latin America, with a view to carrying on some particular enterprise that required banking assistance, to whom could he turn most confidently—to an American bank, to the native local institution, or to a French, German or English bank that might possibly be interested in defeating his efforts in favor of some rival? To ask this question is to answer it. And yet this is but one phase—and perhaps a relatively unimportant one—of this problem.

Certainly, few would be so rash as to claim that the banks in this country have a thorough knowledge of Latin-American credits, or that they are prepared to grant credit on the terms necessary to place us in a position to compete on terms of equality with the European manufacturer or merchant in securing Latin-American trade.

Nearly every activity of production and trade comes into contact somewhere with the business of banking. The perfection of a country's commercial machinery—its smooth and effective working—depends very largely upon the character of its banks. Trade between nations arises, of course, from the demand existing in one country and the ability of another country to supply that demand at the right price. But this ability to furnish goods at a salable price will, to no small extent, be governed by the efficiency of the banking machinery. We need not stop to inquire whether banks create commerce or not. It is enough to know that they greatly facilitate it.

There is no doubt whatever in my mind that an American bank, properly organized and wisely managed, would be a powerful agent in extending our enterprise throughout Latin America and in developing our commercial relations with our southern neighbors, to the great advantage of all concerned.

Primarily, this question in its narrower commercial aspect resolves itself into a matter of profit. If our banking capital can earn good profits, in Latin America or elsewhere, why should we debar it from going there, and under the conditions, most favorable to success? For example, can any good reason be given why our national banks, of large enough capital, should not be given the privilege of establishing branches in Mexico and Cuba, now exercised by the great chartered banks of Canada?

Second. If it be conceded that our banking relations with Latin America are capable of improvement, and that our banking capital should enter that field, it next becomes necessary to consider what kind of bank would be the best. The National Bank Act prohibits, and as I believe wisely prohibits, a national bank from having branches. I can see no good reason, however, why our national banks of very large capital might not be permitted, under proper regulations, to have branches in the chief cities of Latin America and in other foreign countries.

But I do not believe this to be the best solution of the problem. The European nations, as well as Japan and Mexico, have learned the value of specialization in banking—the desirability of organizing banks adequately equipped with the powers for doing the work in hand. Some time we

shall adopt that principle here. Let us adopt it now if we are to enter the foreign banking field with any hope of success. We must not venture into that field in our weakness, but in our might. I think we have had enough already of weak attempts to establish American banks in certain foreign countries, with a result that might have been foreseen.

If we are to have a foreign bank worth anything, its capital must from the outset be large enough to command respect, and its management must rigidly conform to the soundest requirements of banking. An institution that would not only promote enterprise and develop trade, but that would add to our prestige, and increase the respect of others for our business methods.

While it is very natural and proper that a bank of the character mentioned should find its first sphere of operations among our neighbors of Central and South America, I am of the opinion that its sphere should not be limited to those countries. I believe the time to be ripe for the formation of an International American Bank, with a capital of not less than $100,000,000, having its head office in New York, with branches in Chicago, St. Louis, New Orleans, San Francisco, and in the great commercial centres of the world. It would, of course, be one of the first duties of such a bank to do everything essential to the mutual development of trade and enterprise between Latin America and the United States.

It is beyond my purpose, at the present time, to elaborate a plan for the organization of this bank. That is a detail for future consideration. Whether or not the sanction of Congress could be had for such an institution, I do not know. The prestige afforded by a Federal charter would be helpful, but may not be indispensable. It might be advisable to organize first, under State laws, a Pan-American Bank, and the capital might be partly furnished here and partly in the countries where the banks are to be located. It may be remarked, in passing, that the trust company is something practically unknown in Latin America. There are legal difficulties in the way of establishing such institutions there, though these may be overcome. Judging from the experience of the trust company in the United States, Latin America ought to furnish an inviting field for the establishment of such institutions. In fact, a movement is now under way to organize a trust company in one of the principal Latin American nations. The particulars of this movement I am not at liberty to disclose.

One thing we must remember—there should be international reciprocity in banking as well as in trade. If we expect to invade Mexico, Central and South America with our banks, we must expect the banks of those countries to come here. And if we restrict the operations of their banks here, we may expect them to throw like restrictions around our banks there. Already many foreign banks have agencies in New York and other American cities, but the State laws generally prohibit these agencies from doing a banking business; that is, they may not receive deposits, and thus their ability to make loans is largely curtailed. Can we reasonably expect that Latin America will allow privileges to our banks which we deny to theirs?

As the importance of the United States as an exporter of manufactured products grows each year, and competition becomes keener, the need of an institution like that herein suggested will become more and more apparent. It is wise to discuss this question now. It would be wiser perhaps to stop discussion and begin to take action.

One thing should be borne in mind—that the interests of those whom we are seeking to make our customers should be most carefully regarded. A Latin-American Bank whose operations might in any way serve to provoke the antagonism of the banks already existing, or that would meddle in political affairs, might do much more harm than good. But a Pan-American Bank, or one of the broader scope indicated, properly organized and rightly managed, would be a powerful instrumentality in developing enterprise and trade, to the mutual benefit of ourselves and of the other countries concerned.

THE MONETARY SYSTEM OF HONDURAS

By Samuel MacClintock, Ph.D., Recently American Consul, Honduras.

THE important part which the money of a country plays in connection with its commercial and financial development, due to the fact that money serves not only as a medium of exchange, but also as a

AMERICAN LEGATION BUILDING—BANK BELOW—IN TEGUCIGALPA, HONDURAS

standard of value and a measure of deferred payments, is so well known that an account of the monetary system prevailing in Honduras to-day may throw some light upon the industrial and commercial conditions found there.

Honduras and Salvador are on a silver basis, while Nicaragua and Guatemala have a mixed silver-paper currency. As their paper is not convertible, in practice, the result is that they have no silver, except fractional coins, in actual circulation. Costa Rica is solidly on a gold basis and experiences none of the serious disorganizations to its commerce and finance which afflict her sister Republics on account of the fluctuations in the price of silver and exchange.

The present monetary system of Honduras dates from 1879. Before that time a mint had been established at Tegucigalpa, the capital, which coined some silver and copper, but apparently without any systematic plan or relation to the demands of business.

The Old Coinage.

As far back as 1649, the old historians tell us that the mines of Honduras produced a great deal of metal, but that there was not sufficient coined money to pay the workmen. In order to supply the demand, the current silver pieces were cut in half and these *medias* constituted the circulation after that until 1774, when the King of Spain established a mint in Guatemala. Even after this, "cut money" seems to have continued in circulation as long as the Spaniards were in control of the country (say until 1821), and is even occasionally met with to-day in remote parts of the country.

BRIDGE JOINING TEGUCIGALPA AND COMAYAGUELA, HONDURAS. TOTAL POPULATION, 25,000

In 1832, a law was passed requiring the coinage to be "milésimos," i. e., of equal quantities of silver and copper. The proportion of silver was gradually lessened until the coins came to consist almost entirely of copper, or copper mixed with zinc, lead or even iron.

From 1859 to 1879, the mint was closed and the Casa Nacional de Moneda was turned into a cuartel. In 1862, certain individuals made a contract with the government to supply it with copper coins struck off in England. These coins were sent over in such quantities and came to be so debased that they finally lost nearly all value. In 1869, the governemnt decreed the coinage of nickel and sent to France to have the work done. At first these coins circulated at their par value, then gradually depreciated, until the people refused to take them at any valuation. With the disappearance of nickel, the silver of other countries, chiefly Perú and Chili, came into the country. Along with this money from other countries there continued to circulate small quantities of the old provincial money called "coquimba." The small amount of business actually done may be gathered from the fact that in one part of the country only the round silver money was in circulation,

TRAVELING THROUGH THE PINE FORESTS IN THE INTERIOR OF HONDURAS. BAGGAGE IS CARRIED ON MULES, ACCOMPANIED BY A "MOZO" ON FOOT

ONE OF THE PRINCIPAL STREETS IN TEGUCIGALPA, HONDURAS, SHOWING MEANS OF TRANSPORTATION

in another the "cut money," and in others the mixture of silver and copper.

Establishment of the Present System.

The first actual coinage system established in Honduras dates from 1879. It was confirmed and continued in the Executive Decree of September, 1896. It made the decimal silver peso, or dollar, of 100 centavos, twenty-five grammes in weight and .900 fine, and therefore containing 347.265 grains of pure silver, the unit of value. Fractional coins of fifty, twenty-five, twenty, ten and five centavo denominations, and copper of one and of one-half centavo denominations, were also decreed. The silver twenty-five centavo piece of .835 fine, and the fractional coins of Nicaragua and all the moneys of Salvador, were also accepted. Gold coins were also made legal tender in the system of 1879, and twenty, ten and one dollar denominations have been struck off.

Not much money has ever been coined in Honduras, owing to the fact that it was more profitable to export silver and receive value in gold, and also to the additional fact that there has been lacking the knowedge and appliances here to separate, scien-

CENTRAL PLAZA AND CATHEDRAL IN TEGUCIGALPA, HONDURAS

tifically, the silver and the gold metals. Between 1879 and 1902 silver was coined to the value of 948,690.27 pesos; gold to the value of 1,421.00 pesos, and copper to the value of 82,403.96 pesos.

The Present Circulation.

The amount of money in actual circulation in Honduras and Salvador to-day is difficult to say. Of gold there is practically none and what little there is is looked upon as a curiosity. Gold itself, as a metal, forms a considerable export.

Of the national silver there is little in circulation and none is being coined. It has practically all been driven out by the cheaper money from other countries, for the Honduras peso contains a slight admixture of gold, which makes it profitable to export.

Copper coins are also very scarce, so much so that on the north (Atlantic) coast some commercial houses issue brass checks, which are generally accepted under their guarantee of redemption. The scarcity of small money greatly embarrasses transactions of minor value, and in remote places various small articles, such as candles, tobacco, matches, and even safety pins, are used to facilitate exchange.

Honduras Money in Adjoining Countries.

The national money, being .900 fine, is readily acceptable in the neighboring republics at a premium. At the present time this premium is at least five to one, as compared with the paper money of Guatemala, and three to one, compared with that of Nicaragua. It exchanges with the colón of Costa Rica according to its bullion value in the New York market.

The Money of Other Countries in Honduras.

The silver of Guatemala and Salvador in the denominations of 1,00/, fifty and twenty-five centavos circulates in greater quantities than the national money and is accepted at its face value. Here is another instance of Gresham's law at work. The Guatemalan twelve and one-half and six and one-quarter silver pieces, and of .835 fine, also circulate, but are not accepted by the bank, nor by the people generally. The Nicaraguan twenty, ten and five centavo silver pieces are found all over the Republic, displacing the national money of the same denominations. In the southern part of the Republic this fractional silver of Nicaragua excludes that of the other Central American States in the same fashion as do the Chilean, Peruvian and Bolivian dollars. In the interior this Nicaraguan money is often subject to a discount and on the north coast is not received at all. The silver of Costa Rica is hardly known in Honduras, and when it does appear it is at a discount, because not .900 fine.

The government of Honduras issues no paper money and the bills of the Bank of Honduras do not circulate very freely, the people at a distance from the bank being afraid of such paper money. Thus, the bills of the bank in Tegucigalpa are subject to a discount on the north coast of the

Republic, unless they are especially stamped, and for thus stamping its own bills the bank charges the customer.

Conclusions of the Commission.

A commission was appointed to report upon the monetary system of Honduras to the First Central American Conference. The commission, from whose report much of the present material has been drawn, came to the following conclusion:

1. That the national silver dollar has disappeared from circulation almost entirely.
2. That the national fractional money, both silver and copper, is so scarce as to necessitate money from elsewhere and even token money from individuals as a substitute.
3. That the acceptation by the State of the silver dollar of other countries, inferior in some of its requirements, to the national money, results in eliminating the latter with serious prejudice to the general interests.
4. That the acceptation of fractional money from other countries is even more prejudicial, since in addition to its requirements being likewise inferior to the dollar, it is almost always true that, outside of the country of its emission, no other will accept it.

The commission made the following recommendations:

1. That the gold standard be adopted as soon as possible, as it will facilitate commerce, both domestic and foreign, and make less noticeable the fluctuations in the rate of exchange.
2. In case it should be impossible to get the five Republics to agree to establish the gold standard, there should be established, as one of the means to secure that desirable end, a unity in the coinage of the silver dollars of all the Central American Republics, with the stamp of the old Republic of Central America, using the Mexican dollar as model with regard to weight, fineness and other conditions, and neither coining nor receiving silver dollars of any other class.
3. That each of the States be at liberty to coin fractional money, at least the twenty-five centavo piece, which its internal trade demands, with the weight, fineness and other requirements which it deems convenient, the other States being exempt from the necessity of receiving it.
4. That it be agreed, as a fixed point in the monetary system of Central America, never to introduce paper money which the Honduran people have not been disposed to accept in any case.
5. That a monetary convention be entered into between the Republics of Central America and the other Latin American States to fix the value of silver of each with reference to gold.

The First Central American Conference met in Tegucigalpa, Honduras, January, 1909, and passed the following resolutions with regard to the monetary system:

1. The basis of the future monetary system in Central America shall be the gold and silver dollar at parity.
2. The succeeding conference shall fix the date when the respective governments shall proceed to change their respective monetary systems.
3. No foreign silver money shall be legal tender in Central America after the date fixed by each of the governments, and after there shall exist a national money.
4. Each government shall prescribe the conditions for the recoinage or exportation of the silver money, not national, shall fix the limit of coinage, and shall arrange for the settlement of the obligations contracted before the conversion of the system.
5. The money of Central America, created by this Conference, shall be composed of the following denominations: Gold pieces of $20, $10, $5 and $1; silver of 1.00, 0.50, 0.25, 0.10 cents; nickel of 0.05, 0.01 cent.

In fineness, weight and size these moneys shall be like those of the United States. They shall bear on the face, "Republica de ....;" on the reverse, the shield of the Federation of Central America, with the legend, "15 de septiembre de 1821," and below this the denomination.

Senor Don Emilio Estrada
PRESIDENT-ELECT OF ECUADOR

BANKING PUBLICITY

Conducted by T. D. MacGregor

ADVERTISING A TRUST COMPANY

By Perry L. Burrill, Advertising Manager Old Colony Trust Company, Boston, Mass.

IT has been said that a trust company is chartered to do anything but steal and commit murder, so that the questions which may well arise in discussing the advertising problems of an institution of this sort are manifold.

It has been my good fortune to be connected more or less intimately with the advertising campaigns of several banks of this city, and at first I was very enthusiastic and very optimistic as to the possibilities of extended advertising by financial institutions.

I see now more clearly and more forcibly the many problems which confront the bank advertiser. I am just as enthusiastic in regard to the possibilities for intelligent financial advertising.

So much has been said and written about bank advertising that it seems preposterous for me to attempt to add anything. The question of the choice of mediums and methods to be used must be decided by each institution for itself, having constantly in mind the class of people the bank desires to attract, and the sort of business it wishes to reach.

I believe that no one advertising plan or no one list of mediums will work to the best advantage of every institution.

The ultimate object of all advertising, and this applies to the bank as well as to the mercantile establishment, is to get people into your place of business. To do this you must show them a reason why they should come. The department store does this by telling people what they can buy, and how much they must expect to pay for it, and this idea is just as applicable to the banking business, but one great obstacle presents itself immediately. Every one knows what a department store is, and what it can do for them. A very small proportion of people, and this applies to men as well as to women, realize in how many ways a bank can be of service to them. For this reason I believe that advertising which does no more than present figures and the names of officers and directors falls short of doing that for which it is intended. I do not mean that this sort of advertising is not of value, but I do believe it should be supplemented by copy of an educational nature.

Statement of Earnings After Three (3) Months Business of the

TINKER BANK & TRUST COMPANY

(UNINCORPORATED)

HOUSTON, TEXAS

Salaries	$2,205.00	Gross Income	$9,509.68
Office Rent	700.00		
Stationery	495.16		
Advertising	454.84		
Incidentals	49.33		
Net Profits	5,605.35		
	$9,509.68		$9,509.68

Net profits at the rate of 22⅓ per cent on a capital of $100,000.00.

This is especially significant for the reason that the business was new and had to be established.

The knack of creating business, the knowledge of closing deals and the ability of putting propositions together in order to dovetail them into successful form—is the secret of our progress.

Five hundred and three new deposit accounts opened since November 7th, 1910.

We will incorporate March 1, 1911, with a paid in capital of $200,000.00. The stock is being placed at par, and the business will start on a profitable basis.

A regular Banking and Trust Company business conducted.

H. H. Tinker, President
Jno. W. McGuire, Cashier

Melvin Rouff, Assistant Cashier
S. J. Graham, Assistant Cashier

AN UNUSUAL STATEMENT

Educating the Public.

To be sure an advertising campaign along educational lines is of benefit not only to the bank that advertises in this way, but to every other bank or trust company as well. It creates a demand for the services that a financial institution can render, and if the demand is created the result will show in increased deposits, and in a larger clientele of satisfied customers.

If trust companies are to do for the people all that they are capable of doing, they must be much better understood by the public generally. The people should be so well informed regarding the powers of a trust company that they will associate with the name not only the idea of a bank, but of an institution that is much more than the ordinary bank; one that not only takes money on deposit and loans money, but that does a great many things not usually called banking. The people should be acquainted with the many things the trust company does and its ability to do them more promptly, with greater skill, and with less expense than is usual with individuals acting in the same capacity. It is especially important that they should have a clear understanding of the work of the trust department, and of the many advantages and economies which come from employing it in matters of trust. When the real character of the trust department and its methods of caring for estates and its economy in their management are clearly understood, it will be thought of as a public benefactor, and will get a much larger part of that business.

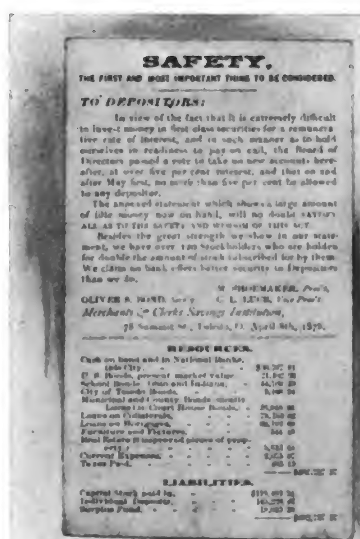
Don't Get Discouraged.

Sometimes an advertising man may feel a little discouraged at the apparent results from this line of endeavor. You may talk in the newspapers, in circulars and in letters of the facilities which you furnish to a certain class of customers, and after you have been talking of these things for weeks or months or maybe years, you will find many who have never heard of that particular feature, and perhaps not of the institution at all. You may describe the safe deposit vault; you may tell something of the construction and many safeguards to provide security for box renters, and then something will happen which may make you feel that your efforts have been almost in vain. I have in mind a rather exaggerated instance of this sort. A man came in to a safe deposit department and asked to rent a box, after inquiring very carefully in regard to the security which he might expect for his papers and valuables. The one in charge spent some time in assuring him that there was absolutely no possibility of loss, and the fellow rented a box. He put his papers in a tin box, placed the end of it in the compartment, and gave a tremendous push, and then ran quickly outside of the vault to see if by any chance it had come through. Not satisfied with this first attempt, he tried it again. There was no apparent damage to the vault, so the man locked his papers up and went away. The following morning when the vault opened, he was on hand, asked to surrender his keys and receive his money back, stating he had not slept a wink during the night because of the fear of loss. Fortunately, however, cases of this sort are few and far between, although humorous incidents could be multiplied indefinitely.

It would probably be astonishing if we could know how many people keep stocks and bonds concealed beneath rugs or in wooden boxes or trunks about the house, and most of them do it, and I say this advisedly, because they have absolutely no idea of what a modern safe deposit vault is, nor the security that it affords. The same thing is true in every department of a bank, and the bank officers themselves very often fail to appreciate it, because they do not come in contact with people who are not already more or less thoroughly initiated into a bank's methods of doing business. Therefore the more educational work banks and trust companies can do, the wider and more influential will be the field in which they work.

Get the People in.

Every business man realizes that it is a tremendous advantage to have a prospective customer or client in his own office, and the object of bank advertising is primarily to



SAFETY,

THE FIRST AND MOST IMPORTANT THING TO BE CONSIDERED.

TO DEPOSITORS:

In view of the fact that it is extremely difficult to invest money in first class securities for a remunerative rate of interest, and in such manner as to hold ourselves in readiness to pay on call, the Board of Directors passed a vote to take no new accounts hereafter, at over five per cent interest, and that on and after May first, no more than five per cent be allowed to any depositor.

The annexed statement which shows a large amount of idle money now on hand, will no doubt SATISFY ALL AS TO THE SAFETY AND WISDOM OF THIS ACT.

Besides the great strength we show in our statement, we have over 130 stockholders who are holden for double the amount of stock subscribed for by them. We claim no bank offers better security to Depositors than we do.

RESOURCES.

LIABILITIES.

OLD AND GOOD

BANK OF NEW SOUTH WALES, AUSTRALIA

ESTABLISHED 1817

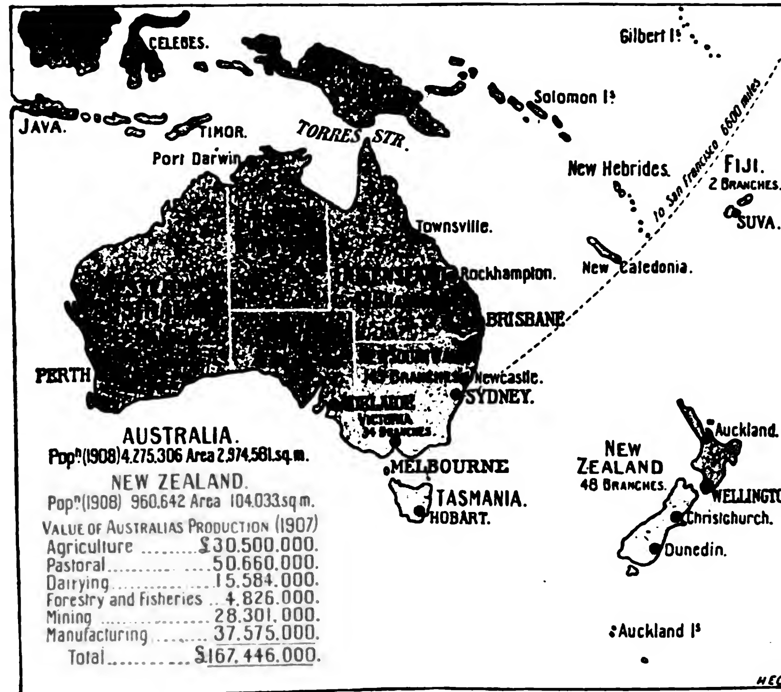
Paid-up Capital	£2,726,880
Reserve Fund	£1,806,720
Reserve Liability of Proprietors	£2,726,880
	£7,260,480
	Equivalent to $35,333,851.96

Aggregate Assets, - - £38,181,084.17
Equivalent to $185,814,609.00

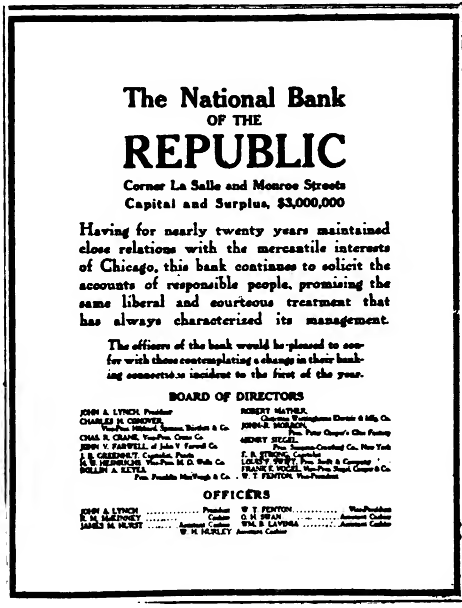
Head Office, : Sydney, New South Wales
London, : : : 64 Old Broad Street, E. C.

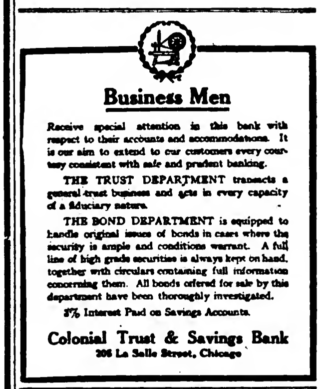
290 Branches and Agencies in the Australian States, New Zealand and Fiji and Agents throughout the World.

The Bank issues Letters of Credit, Collects for and Undertakes the Agency of Other Banks and Transacts All Manner of Australasian Business.



A GOOD BANK ADVERTISEMENT FROM THE ANTIPODES





EXCELLENT TYPE ARRANGEMENT

get people into the banking rooms. If you can show people that they need the bank's services, and if you can show it to them in a way sufficiently forcible so that they are interested enough to come and talk with the officers of the bank in regard to their own particular problem, the battle is half won. If the advertising has done this, it has done all that can reasonably be expected. One thing, however, is of importance. Remember that everything that is done of an advertising nature is but a substitute for personally solicited business, and the more personal the advertising is made, the more personal the appeal, the nearer it comes to the effect secured by personal solicitation, and the larger the results will be.

One word in regard to mediums. It is of course absolutely necessary in any kind of an advertising campaign that good mediums be used. Without doubt, thousands of dollars are annually contributed (for there is no other word for it) to periodicals that are utterly unable to render value received. The daily papers of established reputation are generally accepted as mediums which bring good results.

Unworthy Schemes.

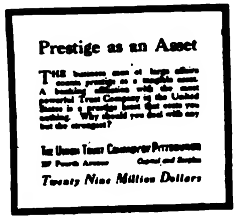
Among the numerous evils which infest the advertising world and cast discredit on reputable journals is the souvenir programme abomination, most of them gotten out by professional programme publishers. Not one in a hundred of these has any advertising value; in fact, many of them are purely on the basis of a charitable contribution, and as the majority of the organizations back of these programmes are not in any sense objects of charity, it is unwise and unnecessary to patronize them. I myself have had over 100 requests for advertising in special programmes, club directories, souvenir books, etc., in a single day, and I have no doubt that this experience is duplicated by almost every bank in the city.

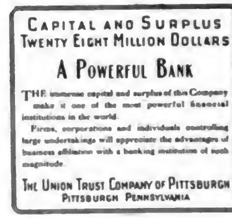
There is one form of advertising which is undignified, and which may work greater harm to the advertiser than to his competitors from whom he is striving to secure business. It is that advertising which either negatively or positively knocks its competitors. It is very apt to do exactly the opposite from what is intended. In one other way I believe that banking institutions in a city, through their advertising, can be of inestimable value to the community, and this at considerable profit to themselves. I quote from the annual address of President Pierson of the American Bankers' Association.

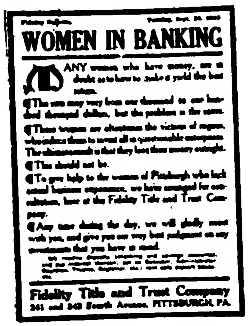
Extract From Address of President Pierson of the American Bankers' Association.

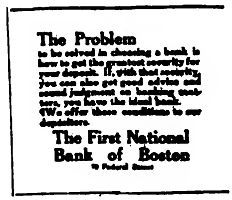
As bankers I believe we owe a duty to our communities to encourage thrift and economy in every way possible. We should get closer to our people, and encourage investment in safe securities, arranging whenever we can to have bond issues offered in denominations that will attract and meet the requirements of the smallest investors.

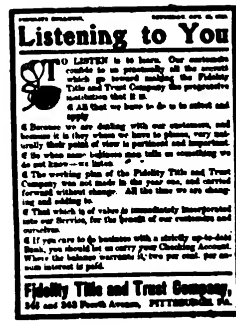
Experience and observation place us in a

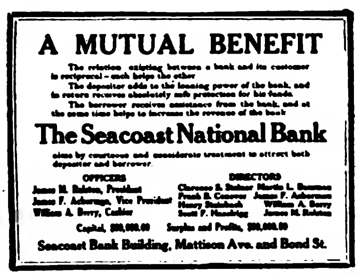


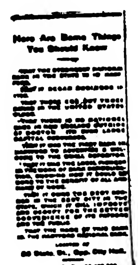


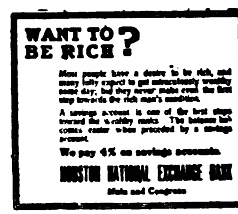




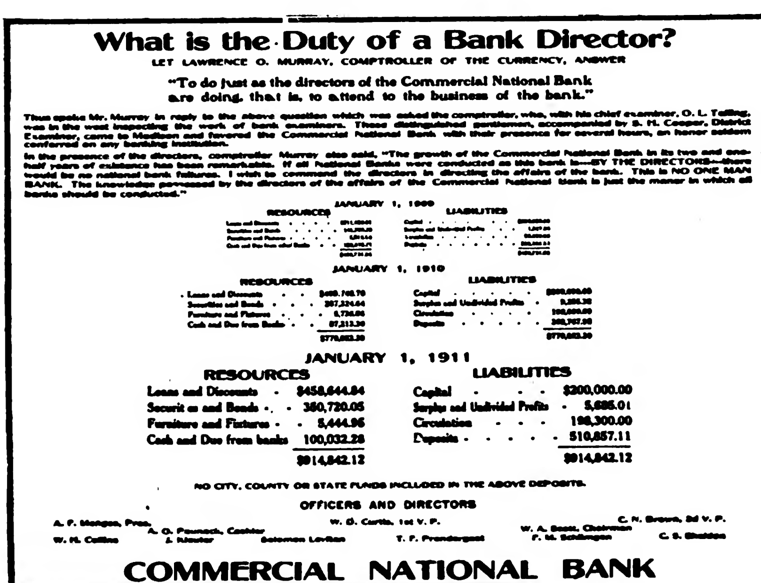








A BUNCH OF GOOD ONES



A HALF-PAGE NEWSPAPER ADVERTISEMENT

position to give advice to deserving men, helping them avoid mistakes and to particularly escape the lure of the "get-rich-quick" schemes, through the advertisements of which so many millions are each year coaxed from and lost by small investors all over the country.

Only bankers know to what extent the people are gulled by these schemes, which generally are nothing more than impudent and barefaced swindles. It is a daily experience at the banks, particularly at the savings banks, to have money withdrawn to pay for "investments" of this character or to meet losses sustained through them.

The stream of money thus poured out constitutes not only a grave loss to individuals, many of whom can ill afford a further depletion of their scanty means, but it is a source of frightful national economic waste.

For the person unskilled in the art of safe investing, there is no better counsellor than the banker or investment house of recognized standing. The prudent investor can no more dispense with this service than the average person can get along without the help of the family doctor.

There is one other form of advertising which applies especially to banking institutions, which perhaps is a little outside the domain of the advertising manager, but which is quite as important, probably more so than anything that can be said through the papers. I refer to the good-will of the bank's customers. If the advertising man is hired simply to write copy and arrange for publication, well and good, but if his duties are broader, and if he feels that it is his duty to extend the business of the bank in every possible way, there is no method by which he can do more than in seeking opportunities to strengthen the good-will of the customers already in the bank. Good-will cannot be measured in dollars and cents; yet there are essential elements and fundamental principles underlying it which are ascertainable so long as human nature indicates certain fixed facts and justifies definite conclusions. The factors in its composition are as numerous as the vagaries of human nature itself. Some are apparently trivial and unimportant; others of dominating and controlling influence. Prestige by reason of a long and successful career, strength of connection, location, or even accidental circumstances, reputation for courtesy and promptness, ease of access, whatever may influence the public mind in favor of your bank, has its direct bearing on good-will. Like a fortune from a father, it may be dissipated or it may be maintained and increased. What are the influences which determine the action of the individual for or against the interests of the bank? A customer is human and is susceptible to all the influences which are responsible for satisfactory or unsatisfactory results in his business relation with us. His treatment, therefore, by those with whom he comes in contact is of controlling importance in shaping the impressions which are reflected in good-will. The cashiers, the tellers and the clerks who come in contact with the customers of the bank have it in their power more than anyone else to increase or diminish the good-will of our institutions. There is many a customer who approaches a teller's window in a frame of mind far from happy. He has what is commonly termed a "grouch," but if the teller greets the man with a smile and a gentle word, he will make your client consider it a privilege to pay the ten cents exchange on the item he proposes to deposit. There is no hypnotism in this. It is plain responsive human nature.

These are little things, seemingly not worthy of consideration, but I venture to say that if considered with an adequate appreciation of the value of good-will, they are of the utmost importance to every institution, large or small, which relies on public patronage for its success.

THE MERCHANTS LOAN
OLDEST BANK IN CHICAGO
AND TRUST COMPANY

A GOOD EMBLEM

ANCIENT AND MODERN BANKING.—AN INTERESTING AND EFFECTIVE BANK BOOKLET

THE Publicity Department of the Bankers Publishing Company recently prepared and printed for the National City Bank of New Rochelle a booklet entitled, "Ancient and Modern Banking at New Rochelle." Some of the illustrations used in the booklet are shown herewith. The introduction was as follows:

> There is authoritative historical information that in the vicinity of New Rochelle was the Mint of the Aborigines.
>
> In other words, the Indians made their money right here in the heart of Westchester, and this was the country's first financial center.
>
> Wampum was the Indians' medium of exchange and barter. It was made from the quahog or hard-shell clam, cylindrical in form, a quarter of an inch long and drilled so as to be strung on a thread.

A FEW OF THE CUTS USED IN BOOKLET PREPARED FOR THE NATIONAL CITY BANK OF NEW ROCHELLE, N. Y., BY THE PUBLICITY DEPARTMENT OF THE BANKERS PUBLISHING COMPANY

The beads of wampum white in color were one-half the value of the black or violet ones. These pieces were used not only for money, but for personal adornment. As many as 10,000 pieces were sometimes strung on one wampum belt. The heart of the fresh water clam was preferred to salt water clam by the Indians, as the color was more attractive.

Wampum was made at Cohemung, or Bryam Lake, North Castle, Davenport Neck and in the Croton Valley.

The purpose of this book is to call the reader's attention to the splendid example of modern banking which has grown up to succeed old methods—The National City Bank of New Rochelle.

SPECIALTY ADVERTISING

A Good Book for Those Thoroughly Interested in Advertising

"SPECIALTY Advertising, the New Way to Build Business," is the title of an interesting and practical 163-page book by Henry S. Bunting, editor of *The Novelty News*. It is a complete presentation of the merits of specialty advertising which covers advertising souvenirs, calendars, useful and curious novelties, etc. There is a good chapter on "How to Increase a List of Bank Depositors," illustrating various methods to get people to come into the bank and get acquainted. This chapter alone ought to be worth the price of the book to any progressive banker. The Bankers Publishing Company will forward the book to any address on the receipt of the price, which is $1.

VALUABLE BOOK FOR ADVERTISING AND BUSINESS MEN

THE 1911 edition of the Mahin Advertising Data Book is out. It is neatly bound in leather, and though of vest pocket size, it contains over 500 pages and is crammed with useful information and data pertaining to advertising and selling.

This book contains detailed information on all the important magazines, newspapers and other periodicals published in the United States, Canada, the West Indies and the Philippines, classified and arranged for instant reference.

It also gives populations of towns in the United States where daily papers are issued, and shows in dollars and cents the cost of posting each town that is listed.

A great improvement over former issues is that detailed information is given on the 357 trade publications, all arranged under the several classifications.

The large amount of reliable statistical matter, much of it from the 1910 census, arranged especially for quick use by the advertiser; Mr. John Lee Mahin's Ten Tests of an advertisement, and the various authoritative treatises on the subjects of Type, Color, Printing Plates, Posting, Paper, Copyrights, Trade-marks and Patents, etc., make this a complete and indispensable companion for the up-to-date advertising and business man.

Any reader of this may secure the Mahin Advertising Data Book by writing to the Bankers Publishing Company. Price, $2.

A TOBACCO CONTEST

A Southern Bank Offers Prizes to Growers

THE Wachovia Bank and Trust Company of Winston-Salem, N. C., announces a tobacco-growing contest as follows:

For the purpose of stimulating the farmers of this tobacco belt to better and more profitable tobacco-growing, the Wachovia Bank and Trust Company offers the following prizes:

First: For the largest number of pounds of flue-cured tobacco grown on one acre of land, three prizes. First for $50; second for $30; third for $20.

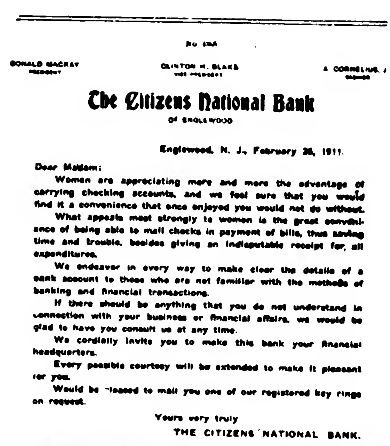
Second: For the largest number of dollars realized from the flue-cured tobacco grown on one acre of ground, three prizes. First for $50; second for $30; third for $20.

Third: For the largest number of pounds of air-cured tobacco grown on one acre of ground, $25.

Fourth: For the highest average price for all the air-cured tobacco grown on one acre of ground, $25.

The following is contained in a circular letter issued by the bank:

All tobacco entered for this contest to be



The Citizens National Bank

Englewood, N. J., February 26, 1911.

Dear Madam:

Women are appreciating more and more the advantage of carrying checking accounts, and we feel sure that you would find it a convenience that once enjoyed you would not do without.

What appeals most strongly to women is the great convenience of being able to mail checks in payment of bills, thus saving time and trouble, besides giving an indisputable receipt for, all expenditures.

We endeavor in every way to make clear the details of a bank account to those who are not familiar with the methods of banking and financial transactions.

If there should be anything that you do not understand in connection with your business or financial affairs, we would be glad to have you consult us at any time.

We cordially invite you to make this bank your financial headquarters.

Every possible courtesy will be extended to make it pleasant for you.

Would be pleased to mail you one of our registered key rings on request.

Yours very truly
THE CITIZENS NATIONAL BANK.

FORM LETTER USED AS NEWSPAPER AD

A STRONG AND DISTINCTIVE EMBLEM

sold in Winston-Salem, Wednesday, November 15, 1911, on any warehouse floor in said town, according to the preference of the grower. The tobacco will be sold by number and no buyer will know to whom it belongs.

The land is to be measured and marked off by three disinterested farmers, preferably in its immediate vicinity, and any farmer in Alexander, Caldwell, Davie, Davidson, Forsyth, Guilford, Iredell, Rockingham, Randolph, Stokes, Surry, Yadkin and Wilkes counties, N. C., or Patrick and Carroll counties, Va., may enter this contest.

All contestants are to register their names and postoffice addresses with the Wachovia Bank and Trust Company, not later than the first day of May, 1911.

The necessary blanks can be had at the office of the company, and we prefer that parties entering the contest should call in person and register and get these blanks. If it is impossible, however, we shall be very glad to have registration by mail.

In making registration by mail we shall be pleased to mail you in return all the necessary blanks which are to be filled out and returned on November 15, 1911, when the tobacco is marketed.

The Wachovia Bank and Trust Company offers these cash prizes in the tobacco crop contest with a two-fold purpose:

First: To advertise the bank by bringing about closer relation between the bank and the farmers, and

Second: To stimulate the farmers to make intelligent efforts along the line of economic and scientific tobacco growing, with a view to making that industry more profitable to themselves.

It is believed that this can be done, and the bank is anxious to see it tried. In order that the contest may have permanent value the bank has prepared certain blanks that they would like contesting farmers to give information upon, which can be had by applying to the bank in person or by mail, stating which contest they desire to enter.

THE BANK BUILDING AS AN ADVERTISING ASSET

By Arthur A. Ekirch

THE Forest Bank was located in one of the outlying boroughs of a large city. The board of directors comprised many of the leading business and professional men in the community. The bank had been in existence about five years and during that time had accumulated deposits to the extent of one million dollars. The deposits stopped growing.

Various forms of publicity were tried, but the results obtained therefrom were far from promising.

One evening at a board meeting, the cashier was asked to step into the room. After the usual business had been dispensed with, he was asked: What steps can we take to promote new business and stir up old?

"Erect a building of our own," the cashier replied eagerly.

"Capital idea!" exclaimed one of the members of the board, in tones of approval. "Here we've been creeping along in these dingy quarters for the past five years and we have nothing to show for it. We have exhausted all the 'good-will' money in the community, and as far as I can see the only way we can increase our growth is to follow our cashier's advice and erect a building of our own."

Mr. Richard, one of the senior members, denounced the plan as absurd and extravagant.

"Why pay a large rental for a pile of granite, limestone and mahogany? Why not pay our depositors a larger rate of interest?" he asked in harsh tones.

"Chiefly for the reason, Mr. Richard," spoke up the president, "that the larger the rate of interest paid to our depositors, the lower our stability in their minds. A bank building will prove to them that we are progressive. A progressive institution is what they demand. The days for standing still have passed. At present we have a partition, a few chairs and a desk. What we want is a mahogany counter, a concrete vault, a special room for the ladies and a private office for the officers."

An open discussion followed the president's remarks, and after a vote had been taken, it was found that the majority of the board were in favor of moving to a new home.

It might be well to state that the bank in question was not in a financial position to warrant the erection of a bank building out of its surplus and undivided profits. It was paying rent for its present quarters and

would be obliged to do likewise in its proposed new abode.

PUTTING THE IDEA INTO EFFECT.

At a subsequent meeting of the board a committee was appointed to inquire into the cost of erecting and maintaining a small bank and office building, and after some close figuring it was found that such an edifice could be erected for about $80,000.

The next important step to consider was how to secure the necessary capital. This obstacle was overcome, however, by forming a syndicate, in which each director subscribed for an equal number of shares. Dividing the amount equally obliviated any friction that might arise among the members of the board and placed each on an equal ownership basis.

With the needed capital in readiness, the next step was to choose a suitable site for the erection of the building. This task required good business judgment and tact, for the committee found that the owners of various parcels, on learning that a banking institution was thinking of purchasing, immediately increased the asking price of the land far in excess of its real value. The committee from the Forest Bank, however, were cautious during their site-hunting tour, and after a slight delay secured a plot of ground about one block from their old quarters. A bank building specialist was engaged to plan the exterior and interior of the structure, while the actual construction was given to a firm of bank building contractors, with the result that the bank stands to-day a credit to the builders, the man who designed it and the cashier who advised its construction.

SECURING WORTHY PUBLICITY.

Nothing presents a more golden opportunity for legitimate bank advertising than the erecting of a good building.

EMBLEM OF THE EQUITABLE TRUST COMPANY, NEW YORK

The daily papers gratuitously published reading notices. The financial magazines ran similar notices, giving a brief history of the bank's prosperous career. The building site, during excavation, was utilized to good advantage by erecting thereon a large sign with the wording:

The Building Being Erected on This Site Will Be Occupied by the Forest Bank—Now at 44 Smith Street.

A souvenir booklet, printed in elaborate style, with a picture of the bank building, and reading matter explaining in a clear, concise manner the many new features devised for the convenience of depositors, was also found to be an excellent means for arousing public interest in the institution. The Forest Bank, during the opening week, distributed a metal paper-weight—a facsimile of the new building. While the idea was by no means new, it nevertheless proved a paying venture, as the name of the bank and the model of the building was forever before the eyes of those who were lucky enough to secure one.

Special invitations sent to the officers of neighboring banks, asking them to call on the opening day and inspect the new building, was found an excellent means of securing the good will of competitors.

The handsome building of this institution will be a good advertisement as long as it stands.

HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

THE Canadian banks are extremely careful in regard to the quality and appearance of the printed matter which they allow to go out representing them. The twenty-sixth annual report of the Traders Bank of Canada, reviewed in the March BANKERS MAGAZINE, is superbly but tastefully illustrated and printed. The embossing on the cover is particularly pleasing. The Royal Bank of Canada also uses embossing to good advantage on the cover of its statement folder.

C. F. Hamsher, assistant cashier of the Savings Union Bank of San Francisco, writes:

> I am enclosing a few samples of advertising matter recently issued by this bank for your inspection.
>
> You will notice we are using a reproduction of the seal of this bank as a trade mark. The seal is patterned after an old Roman coin.

The seal trade-mark referred to is reproduced herewith. The bank has used it ef-

Income-Producing Deposits

Many men and women of Greater New York prefer to keep large balances on deposit with this Company, subject to demand, rather than to "tie up" their funds in some less available form.

Such deposits bear interest and are safeguarded by large resources, banking experience, conservative management and a Directorate of exceptional strength.

You will find our location convenient: in the heart of the great terminal and shopping district.

Confer with our officers in regard to your banking or trust business.

Trustee for Personal Trusts
Astor Trust Co.
FIFTH AVENUE & 36TH STREET, NEW YORK

A Profitable Kind of Bank Deposit

Profitable, safe and convenient for the depositor are the time Certificates of Deposit which we issue in any amount over $500. They produce a better rate of interest than accounts subject to cheque, and can be made to mature at any convenient future date.

If you have money awaiting permanent investment, or are accumulating a fund for building or some other special purpose, then you will do well to convert such moneys into these time Certificates of Deposit. Our strength of Directorate, banking experience, conservatism and large resources combine to make these certificates a safe and desirable form of temporary investment.

Confer with our officers in regard to your banking or trust business.

Trustee for Personal Trusts
Astor Trust Co.
FIFTH AVENUE & 36TH STREET, NEW YORK

Safe and Profitable "Temporary Investment"

If you have money awaiting permanent investment, a good plan is to deposit it with this Company and obtain a Certificate of Deposit, payable after so many months. Such "time certificates" bear a higher rate of interest than we can pay on deposits subject to demand. They produce income every day, from issue to redemption.

All deposits are safeguarded by large resources, banking experience, conservative management and a Directorate of unusual strength.

Confer with our officers in regard to your banking or trust business.

Trustee for Personal Trusts
Astor Trust Co.
FIFTH AVENUE & 36TH STREET, NEW YORK

We Will Pay Interest on Your Deposits

We invite your deposits of *reserve funds*, moneys awaiting investment or active accounts, on which we will pay interest. You will find it very convenient to do your banking with this Company, as our location is central to the great terminal-shopping-hotel-theatre district.

The security and efficient service that we offer you are based upon large resources, banking experience and the character of our Directorate.

Confer with our Officers in regard to your banking or trust business.

Trustee for Personal Trusts
Astor Trust Co.
FIFTH AVENUE & 36TH STREET, NEW YORK

Interest on Uninvested Funds

While your money is awaiting investment it will be earning interest for you, if deposited with this Company. We particularly invite your deposits of reserve moneys and temporarily unemployed funds, while welcoming also your active account.

You will find our location convenient—the heart of the great terminal-shopping-hotel-theatre district. The security and efficient service that we offer you are based upon large resources, banking experience and the character of our Directorate.

Confer with our Officers in regard to your banking or trust business.

Trustee for Personal Trusts
Astor Trust Co.
FIFTH AVENUE & 36TH STREET, NEW YORK

A Good Income From Bank Deposits

Your reserve funds and moneys which you are not yet ready to invest permanently, need not remain unproductive. Certificates of Deposit are issued by this Company maturing at future dates convenient to the depositor. These certificates representing "time deposits" bear a higher rate of interest than deposits subject to cheque. They are very convenient for the purpose of temporary investment and may be obtained in any amount in excess of $500.

Behind our Certificates of Deposit are large resources, banking experience, conservative management, and a Directorate of unusual strength.

Confer with our officers in regard to your banking or trust business.

Trustee for Personal Trusts
Astor Trust Co.
FIFTH AVENUE & 36TH STREET, NEW YORK

Interest-Bearing Certificates of Deposit

CONSIDER the advisability of converting your reserve moneys, or funds put aside for some special object, into our interest-bearing Certificates of Deposit, maturing at a future date to suit your own convenience. They are especially adaptable to the requirements of organizations and individuals that are accumulating funds for erecting new buildings, extending their business or meeting some future obligation or emergency, and they bear a higher rate of interest than accounts subject to cheque.

All depositors and other clients of this Company are protected by large resources, conservative management, banking experience and a Directorate of unusual strength.

Confer with our officers in regard to your banking or trust business.

Trustee for Personal Trusts
Astor Trust Co.
FIFTH AVENUE & 36TH STREET, NEW YORK

Always at Par: Our Certificates of Deposit

Certificates of Deposit issued by this Company are worth at maturity what you pay for them at issue—plus accrued interest. They are a safe, convenient, non-depreciating form of temporary investment, especially suitable for the care of funds awaiting permanent investment or accumulating to meet some future obligation.

Your funds exchanged for our certificates will earn more interest than if placed on deposit subject to cheque. All deposits are safeguarded by our strength of Directorate, conservative management, banking experience and large resources.

Confer with our officers in regard to your banking or trust business.

Trustee for Personal Trusts
Astor Trust Co.
FIFTH AVENUE & 36TH STREET, NEW YORK

Business People Locating Uptown

or opening uptown branches, are invited to deposit their *reserve funds*, moneys awaiting investment and active accounts with this Company, which is so conveniently located in the heart of the great terminal-shopping-hotel-theatre district.

The character of our Board of Directors gives assurance of strength and conservative management; the steady growth in deposits and general business is evidence of ability to serve our customers well. We pay interest on deposits.

Confer with our Officers in regard to your banking or trust business.

Trustee for Personal Trusts
Astor Trust Co.
FIFTH AVENUE & 36TH STREET, NEW YORK

The Safety of Your Estate

will depend largely upon the character of the Executor and Trustee. An individual in these offices may render a good account of his stewardship, but there is always the possibility of failure from causes beyond his control.

A safe plan is to appoint the Astor Trust Company as Executor and Trustee. This Company has the experience, responsibility and executive ability so necessary to an efficient trusteeship, besides other advantages which reside only in a well-directed corporation subject to the Banking Law.

You are invited to confer with our Officers in regard to "More efficient trusteeship at no greater cost."

Trustee for Personal Trusts
Astor Trust Co.
FIFTH AVENUE & 36TH STREET, NEW YORK

More Efficient Trusteeship At No Greater Cost

There is NO DIFFERENCE in COST but a WIDE DIFFERENCE in EFFICIENCY of service, as between an individual and the Astor Trust Company acting as Trustee under Will. The difference in quality of service results from fundamental difference in ability and equipment.

No individual can have such qualifications for trusteeship as these: ASSURED EXISTENCE during the term of the trust—COLLECTIVE EXPERIENCE of Directors and Officers in regard to estate matters and investments—SUPERVISION by the State Banking Department—all of which the Astor Trust Company possesses.

You are invited to confer with our Officers in regard to your trust business.

Trustee for Personal Trusts
Astor Trust Co.
FIFTH AVENUE & 36TH STREET, NEW YORK

Protection for Your Heirs

Your estate will be safe and your beneficiaries well protected under the trusteeship of the Astor Trust Company. This company has, in addition to the qualifications possessed by the ablest individual Trustee, the advantages of organized office equipment—experienced Directors and Administrative Officers—management subject to banking supervision—assured existence during the term of even the longest trusts.

You are invited to confer with our Officers in regard to your trust business. Our expert service costs no more than the service of an individual.

Trustee for Personal Trusts
Astor Trust Co.
FIFTH AVENUE & 36TH STREET, NEW YORK

Knowledge of Trust Matters

Knowledge and experience in respect of trust affairs are clearly essential to the successful administration of any trust office (Executor, Trustee, etc.) Individuals appointed to such offices frequently lack these essentials.

The Astor Trust Company, acting as Trustee, etc., commands and places at the disposal of its clients the *collective knowledge and experience of its Directors and Officers* in regard to trust matters—a great advantage to the estate and beneficiaries.

You are invited to confer with our Officers in regard to "more efficient Trusteeship at no greater cost."

Trustee for Personal Trusts
Astor Trust Co.
FIFTH AVENUE & 36TH STREET, NEW YORK

Administrative Ability

The duties of Trusteeship are apt to require greater administrative ability than an individual Executor, Trustee, etc., can generally command. For such duties the Astor Trust Company possesses the *combined executive ability* of a staff of experienced Officers, with special training in trust matters.

Any trust committed to this Company is therefore assured of competent administration.

You are invited to confer with our Officers in regard to "more efficient Trusteeship at no greater cost."

Trustee for Personal Trusts
Astor Trust Co.
FIFTH AVENUE & 36TH STREET, NEW YORK

Peaceable Settlement of Your Estate

You can do much to avoid litigation over the settlement of your estate—by making a Will, drawn in clear language and conforming to law, and by appointing a competent Executor and Trustee. It is the loosely drawn Will and careless administration that invite costly legal contests and their resultant losses to estates.

You are invited to appoint the Astor Trust Company as Executor and Trustee, for which offices it is competent in the highest degree and possesses many advantages over an individual acting in similar capacities—and its services cost no more.

Confer with our officers in regard to your trust or banking business.

Trustee for Personal Trusts
Astor Trust Co.
FIFTH AVENUE & 36TH STREET, NEW YORK

SOME MODEL ADVERTISEMENTS

fectively as a tag on a key ring. Another advertising novelty employed is a pen holder. Among the various pieces of printed advertising matter sent us by Mr. Hamsher, the booklets containing the ninety-seventh half-

GOOD SEAL EMBLEM

yearly report of the bank and the one explaining the banking by mail facilities of the institution, respectively, are especially good, being excellently written and printed.

One of the strongest banks in New York City is the Corn Exchange Bank, now in the fifty-ninth year of its history. It has twenty-six branches and has recently begun to advertise to some extent. The different branch managers sent to depositors a copy of a recent statement of the institution, accompanying it with this message:

> In sending the enclosed statement I ask for the branch I represent a continuance of your valuable help, and your assistance in adding new accounts.

"Forty Years of Banking in Toledo," is the title of a wonderful production in the way of an anniversary booklet issued by the Merchants & Clerks Savings Bank of Toledo, O. From this booklet we reproduce an advertisement of thirty-three years ago, which is so good that it will surprise a lot of persons who think that no good bank advertising was done before the twentieth century dawned.

With the title, "Your Requirements and the New Netherland Bank," a valuable booklet has been issued by the New Netherland Bank of New York. It explains how the former part of its title is met by the latter.

H. A. Dalby, advertising manager and poet laureate for the Naugatuck, Conn., Savings Bank, was enterprising enough to furnish the menu cards for the recent annual dinner of the Naugatuck Business Men's Association, and on the last page appeared this poetic effusion:

Said a great Congregational preacher
To a hen. "O, you beautiful creature!"
And the hen, just for that,
Laid an egg in his hat,
And thus did the Henry Ward Beecher.

Anonymous.

Said the people where cats there are many,
"Town like this you will find there aren't any.
"Good streets at our doors,
"Good banks and good stores."
And they found their reward in Kilkenny.

A Baptist says diamonds by the acre
Lie right at our door for the taker.
So then let us hustle
And listen to Russell—
Con well what he says—he's no fakir.

Then let not our spirits grow soggy,
And let not our vision be foggy,
But keep it in mind,
If we hunt them we'll find
The diamonds right here in Naugy.

$ $ $ $ $ $ $

Now, we know what you think, and at truth we don't balk;—
Yes, we know that the poetry's rank.
Criticise if you will, swoop down like a hawk,
We don't care what you say if you only will talk
Of the Naugatuck Savings Bank.

The advertisements of the Astor Trust Company af New York, a collection of which is reproduced herewith, are models of good bank advertising. Typographically and in subject matter they are all that could be desired. This advertising is handled by an agency and the man behind their preparation is Mr. E. B. Wilson, who likewise manages the A. B. A. Travelers' Checks advertising of the Bankers Trust Company.

The Mingo County Bank of Williamson, W. Va., issues an attractive booklet explaining the advantages of its three per cent. certificates of deposit. It also reprints in folder form an article on "The Overdraft Evil."

The Miami, Fla., Savings Bank issued a folder explaining "How the State of Florida Protects the Savings Bank Depositor."

ALBERT H. WIGGIN

THE NEW PRESIDENT OF THE CHASE NATIONAL BANK OF NEW YORK

QUALITIES which enable one to advance to a leading position in the administration of the affairs of the great banks of New York are well worthy of study by bank men. Were it possible accurately to enumerate, classify and define these qualities, banking would become rather more of an exact science than it is now. Broadly, it may be said that the first essential equipment of a successful banker is that he should know his business. But that will be found, on careful examination, to be a very broad statement indeed; for to know the banking business is to know almost every kind of business, so wide are the ramifications of dealing in credits.

CLEARING-HOUSE BUILDING, OCCUPIED BY THE CHASE NATIONAL BANK

Sound financial judgment also constitutes one of the indispensable qualifications of a good banker—and the ability to judge men, another. But these are not enough. The banker must know something of local, national and foreign politics—for from this source his business may be affected at some point. He must know about the crops, the money market, the temper of the times—whether people are optimistic or the reverse, whether they are economical or extravagant. And he must be patient and courteous, even under great provocation.

Courage of a high order comes into play also—courage to say no, and the courage quickly to resolve all doubts and to say yes.

For there are not a few bankers who refuse business that should be accepted. Of course, the banker must above all else be a man of the finest character.

Yet, with this hint of the qualifications that a banker must have in order to succeed, it may well be doubted whether there is not some attribute incapable of definition that counts as much or more than those named—intuitive perception—natural aptitude, or whatever one may choose to call it.

Success in banking implies the ability wisely to employ capital and credit—so that the result shall be utility, safety, profit. To conserve capital, keeping it productive, to safeguard credit, making it add to capital's efficiency—these functions build up industry, feed and clothe the race and contribute to the progress of mankind—and this is the business of banking.

And he who succeeds in it, even modestly, is a man to be studied and imitated. He who wins the great prizes must possess rare qualifications—ability of the highest order. It is no idle assertion, nor yet an affectation of any sort, to say that he who comes to the presidency of one of the half-dozen largest banks in New York deserves to be thought well of by his fellow-bankers, for he has surely won a prize in the banking profession. Undoubtedly it adds to this achievement that it should be accredited to one who comes from outside the city and who reaches the top soon after passing his fortieth birthday.

This is the record made by Albert H. Wiggin, the new president of the old and solid, yet ever progressive, Chase National Bank of New York. Mr. Wiggin first saw the light of day at Medfield, Mass., in 1868, and was educated at the Dwight School there and at the English High School in Boston. Then he started his business career as a bank clerk in that city. From 1885 to 1891 he held minor positions in Boston banks and was for three years after 1891 a national bank examiner in Boston. From 1894 to 1897 he was assistant cashier of the Third National Bank in Boston, and between 1897 and 1899, vice-president of the Eliot National Bank. He came to New York in 1899, and before becoming vice-president of the Chase National Bank in 1904 was vice-president of the National Park Bank, and incidentally of the Mutual Bank and the Mount Morris Bank, connections of the Park Bank.

MR. HEPBURN'S PRIVATE OFFICE, CHASE NATIONAL BANK

Besides his official position in the Chase National Bank, Mr. Wiggin is a member of the executive committee of the following New York city institutions: Bankers' Trust Company, Guaranty Trust Company, Astor Trust Company, Lawyers Title Insurance and Trust Company and the Union Exchange National Bank.

Other large corporations with which he

is identified are the International Paper Company, the International Agricultural Corporation and the American Surety Company. He is a director of many other corporations, and a member of the Metropolitan, Union League, Riding, Downtown Association and Ardsley clubs, and many others. He is forty-three years old.

When the affairs of the Westinghouse Electric and Manufacturing Company were to be straightened out, Mr. Wiggin was one of the committee which framed the plan of reorganization. He is now a member of the executive committee of the corporation.

As secretary of the New York Clearing-House Association and a member of the loan committee, he has borne an important share in making the financial history of the city.

It may surely be said, in the current phrase of the time—and in the largest and best sense—that Mr. Wiggin has "made good" in the banking affairs of New York, and deservedly has attained the high place he now holds.

The Chase National Bank was organized in 1877 by John Thompson and his son, Samuel C. Thompson, and in December of that year the officers were authorized to lease premises for its occupancy and to open for business. The Thompsons, father and son, were the organizers and for fourteen years managers of the First National Bank of New York City.

John Thompson enjoyed a high reputation and great prestige with the banking community and the public generally, growing out of his ownership and editorship of *Thompson's Bank Note Reporter.* Under the Thompson management the Chase National prospered in a quiet way, and on December 7, 1886, the bank had accounts from 165 national banks, 409 State banks and bankers and 242 individuals, the aggregate deposits being in excess of five millions.

OFFICERS' QUARTERS, CHASE NATIONAL BANK

In the meantime, on October 30, 1886, the control of the bank passed into the hands of Henry W. Cannon, John G. Moore, Edward Tuck, Calvin S. Brice and General Samuel Thomas. Mr. Cannon became president, and presently thereafter, William H. Porter, later president of the Chemical National Bank, and now of the firm of J. P. Morgan & Co., was made cashier. In the following year, James J. Hill was added to the directorate. The first act of the new administration was to increase the capital from $300,000 to $500,000, the new stock being paid for at the book value of the old.

After the first year the bank paid dividends at the rate of six per cent. annually, and this rate was gradually increased as the bank grew and prospered, until the dividends reached twenty per cent. annually. In December, 1887, the capital was again increased from $500,000 to $1,000,000, by a stock dividend; a dividend of 100 per cent.

being made coincident with the doubling of the capital stock.

In 1906 the stockholders voted to further increase the capital stock $4,000,000, making the capitalization $5,000,000, a stock dividend of the full amount being declared.

It is a notable fact that the capital stock of the bank, at current market quotations, is worth in the neighborhood of $30,000,000, and that each $100 originally invested in the stock now represents $5,000.

The Chase National Bank has a present capital of $5,000,000, with surplus of $5,000,000, and undivided profits at the last call of the comptroller of $3,382,871.64, representing a total capital equipment of $13,382,871.64.

Hon. A. B. Hepburn, chairman of the board and former Comptroller of the Currency, assumed the chief management in 1898, resigning the vice-presidency of the National City Bank for that purpose. He remained as president of the Chase National until January of the present year, when he became chairman of the board of directors. Mr. Hepburn has long been recognized as one of the most representative bankers of the United States.

The other officials, in addition to President Wiggin, are: Samuel H. Miller, vice-president; Henry M. Conkey, cashier; Charles C. Slade, Edwin A. Lee, William E. Purdy and Alfred C. Andrews, assistant cashiers. Directors: A. Barton Hepburn, Henry W. Cannon, George F. Baker, James J. Hill, Albert H. Wiggin, Grant B. Schley, George F. Baker, Jr., John I. Waterbury and Francis L. Hine.

The condition of the Chase National Bank appears from the accompanying statement made to the Comptroller of the Currency, March 7:

ASSETS.	
U. S. bonds to secure crculation	$1,000,000.00
U. S. bonds to secure U. S. deposits	1,000.00
Bonds and stocks	17,681,108.38
Bills discounted	19,305,857.69
Time loans on collaterals	20,942,599.89
Demand loans on collaterals	27,433,232.28
Due from banks	5,487,505.68
Exchanges for clearing house	16,228,767.10
Premum on U. S. bonds	47,951.30
Five per cent. fund	50,000.00
Legal tender notes	4,530,601.00
Treasury silver certificates	5,866,579.00
Gold	14,356,430.00
Total	$132,931,632.22
LIABILITIES.	
Capital stock	$5,000,000.00
Surplus	5,000,000.00
Profits, net	3,382,871.64
Circulation	1,000,000.00
Deposits, viz:	
Individuals	39,268,877.93
Banks	79,278,882.65
United States deposits	1,000.00
Total	$132,931,632.22

NEW COUNTERFEITS

On the Merchants National Bank of Providence, R. I. Check letter "B"; series 1902; J. W. Lyons, Register of the Treasury; Ellis H. Roberts, Treasurer of the United States; charter number, 1131; bank number, 15995; treasury number, V113529; portrait of William McKinley.

This counterfeit appears to have been printed from very crude wood cut plates and is so poor that a detailed description of it is deemed unnecessary. One hundred and eighteen of these counterfeits were found in the possession of two Italians arrested at Taylor, Pa.

* * *

On the United States National Bank of Omaha, Neb. Check letter, "E"; series 1902; J. W. Lyons, Register of the Treasury; Ellis H. Roberts, Treasurer of the United States; charter number, 2978; bank number, 1078; treasury number, B823898; portrait of William McKinley.

This counterfeit is a very crudely executed photomechanical production, printed on one piece of paper bearing ink lines to imitate the silk fibres of the genuine. The back of the specimen at hand is printed upside down and resembles stage money more than genuine currency. This counterfeit should not deceive the ordinary handler of money.

* * *

On the Citizens National Bank of Friendship, N. Y. Series of 1882; check letter, "C"; J. W. Lyons, Register of the Treasury; Ellis H. Roberts, Treasurer of the United States; charter number, 2632; bank number, 2235; treasury number, 907938; portrait of Garfield.

This counterfeit is an uncolored photograph on one piece of paper without silk threads or imitation of them. The character of the note is so apparent that a more detailed description is deemed unnecessary.

WESTCHESTER AVENUE BANK OF NEW YORK*

THE Hunt's Point section in the Eastern district of the Borough of the Bronx is one of the most rapidly growing localities, for both residential and business purposes, in the Northern part of New York City. Traversed as it is by the Bronx river and the Harlem river branch of the New Haven Railroad, it is furnished with facilities for manufacturing enterprises which have been, and are being, largely taken up. The American Bank Note Company, whose activities extend into all parts of the civilized world and whose history is a part of the commercial story of this country for the last one hundred years, has recently established in the Hunt's Point section its printing house and manufacturing plant.

JOHN TATLOCK

PRESIDENT WESTCHESTER AVENUE BANK

To meet the needs of increasing business, as well as to furnish banking facilities to the inhabitants of this district, which is largely residential as well as manufacturing, the Westchester Avenue Bank began business on October 24, 1910, in a recently completed structure of the American Real Estate Company, situated at the intersection of Southern Boulevard and Westchester avenue. The bank has a capital of $100,000 and a subscribed surplus of $50,000. At the end of its first five weeks of existence its deposits amounted to over $87,000, showing that the establishment of a banking institution in this neighborhood is required and is appreciated. Interests associated with the American Bank Note Company have been largely influential in the organization of this institution, whose directorate includes also men of local interests.

FRANK D. PITKIN

CASHIER WESTCHESTER AVENUE BANK

The president of the bank is John Tatlock, formerly and for many years an officer of the Mutual Life Insurance Company and later president of the Washington Life Insurance Company, which he rescued from a

* Portraits by Oliver Lippincott, N. Y.

state of bankruptcy and reorganized into a sound institution. He is a graduate of Williams College, a writer on scientific and financial topics, a Fellow of the Royal Astronomical Society and of the New York Academy of Sciences, and an Associate of the Institute of Actuaries of London.

Warren L. Green, vice-president of the new bank, is now president of the American Bank Note Company. He entered this company as an apprentice in 1882, and successively served as manager of the Canadian branch, vice-president and president. He is also vice-president of the United Bank Note Corporation. Mr. Green is well fitted to enter into the banking business and will prove to be an asset of great strength to the Westchester Avenue Bank.

Frank D. Pitkin, formerly loan clerk in the Merchants National Bank of New York, is cashier. He is a graduate of Princeton University, class of '98, and has been conected with Dominick & Dominick, bankers. For a time he was cashier for the firm of Tefft, Parmeley & Nash, now Tefft & Company.

The directorate also includes Z. S. Freeman, vice-president of the Liberty National Bank; C. L. Lee, treasurer of the American Bank Note Company; Frank A. Spencer, an active resident of the Hunt's Point section and secretary of the Municipal Civil Service Commission, and Julius Schwartz, also a local resident and a member of Schwartz & Jaffee, prominent as manufacturers in the clothing business at 568 Broadway, New York City.

The Westchester Avenue Bank has made an auspicious start with total deposits of $140,000 and total resources of $295,000.

WISCONSIN BANKERS SAFEGUARD THEIR CHECKS

WITH that admirable spirit of prudence that has given the banks of Wisconsin an exalted reputation for safety, the bankers of that State have recently taken a step that will throw an additional safeguard around their business, protecting both the banks and the public from the danger of loss through the raising of checks and drafts.

The Wisconsin Bankers' Association, as a body, has decided to adopt the use of George LaMonte and Son's safety paper for all checks and drafts employed by member banks, thus rendering it impossible for these instruments to be "raised." This paper will defeat any attempts to change figures once placed upon it. If touched by any sharp instrument or acid the surface of the paper immediately becomes discolored. It will even show any erasures made with a soft rubber.

While the more carefully conducted banks have already taken the precaution to have their instruments thus protected, many banks have neglected to do so, and it is especially gratifying to see the Wisconsin Bankers' Association, as an organization,

GEORGE W. LAMONTE

take a step so manifestly in the direction of greater safety in banking transactions.

Needless to say, banking is a business around which every practical protection should be thrown. A bank that does not have its checks and drafts printed on safety paper is neglecting one of the primary safeguards of banking, and is almost inviting the check-raiser to prey upon it.

This action of the Wisconsin State Bankers' Association is in line with the safe traditions with which students of the State's banking history are familiar, and cannot fail to further enhance the already high reputation of the Wisconsin banks. It is, moreover, a step which the bankers of the whole country would find great profit in promptly imitating.

BANKING AND FINANCIAL NOTES

BANKERS' CONVENTIONS IN 1911.

Iowa bankers will meet in Mason City, Thursday and Friday, June 15 and 16, for their annual convention.

At the recent meeting of the executive committee of the Ohio Bankers' Association a committee on arrangements and programme was elected to see to it that the twenty-first annual convention of the organization, which is to be held at the Hotel Breakers, Cedar Point, Sandusky, on July 6 and 7, will be up to the standard of the past annual meetings. Cedar Point is considered a delightful place for an outing, and ample hotel accommodations are obtainable.

The 1911 State convention of the Arkansas Bankers' Association will be held in Little Rock on April 6 and 7. All former conventions of the association have been held in April. It had been practically decided to meet during the summer at Eureka Springs. There are important matters pending which could not very well be postponed. One of these is the Deaton-Turner banking bill, which the association wishes to have passed, hence hopes to meet in time to help get the bill through the legislature.

May 2 and 3 next are the days selected for holding the sessions of the Louisiana Bankers' Association.

W. J. Henry, secretary of the New York State Bankers' Association, announces that Manhattan Beach has been decided upon as the place of the coming meeting. The days selected are June 22 and 23 and the Oriental Hotel will be used as headquarters. An attendance of 1,500 is expected.

A NEW CUBAN BANK.

According to a consular report, the Banco Territorial de Cuba was definitely constituted on January 30, with a capital of $5,000,000, and with Marcellino Diaz de Villegas, formerly Secretary of Hacienda, as president and with Jose Marimon (Banco Espanol de la Isla de Cuba), George Behrens (Hamburg), and Frank Steinhart (Speyer & Company), and several Cuban and French bankers as members of the administrative council. The new bank is to begin operations at once.

SPOKANE CLEARING-HOUSE ELECTION.

At the annual meeting of the Spokane Clearing-House Association, J. Grier Long, president of the Washington Trust Co., was chosen president of the association for the coming year, with Samuel Galland of the Northwest Loan & Trust Company, vice-president, and W. D. Vincent of the Old National as secretary and treasurer. The directors elected were: E. T. Coman, presi-

dent of the Exchange National; J. P. M. Richards, president of the Spokane & Eastern Trust Company, and T. H. Brewer, president of the Fidelity National. Following the annual meeting the bankers sat down to a banquet which included as guests a number of bank employes and directors. Over eighty were in attendance.

MERCANTILE TRUST COMPANY OF NEW YORK THRIVING UNDER PRESIDENCY OF WILLIAM C. POILLON.

On the first day of January, the Mercantile Trust Company of New York rendered a statement in which its deposits and resources were reported to be $48,499,963 and $57,878,919 respectively. At the close of business February 28, 1911, both items showed marked gains. The deposits are now $52,195,924 and the resources will total $62,006,342.

Eighteen days after the January statement appeared William C. Poillon, then vice-president, was made president.

Mr. Poillon is a self-made man, inasmuch as every step up in the world of finance has been attained without outside influence. He was born on November 19, 1872; in New York City and received his early education in its schools.

He entered the service of the Mercantile Trust Company on October 16, 1889, and demonstrated from the start that he possessed those qualities of perseverence and initiative that have taken him to the top.

William C. Poillon
PRESIDENT MERCANTILE TRUST COMPANY OF NEW YORK

In less than eight years, on July 17, 1895, he was elected assistant treasurer of the company, and on March 20, 1901, he became treasurer. On January 20, 1904, he was made vice-president, and on January 18, 1911, was elected president.

In addition to the above, Mr. Poillon is

a director of the Mercantile Trust Company, vice-president and a director of the Mercantile Safe Deposit Company, and vice-president and a director of the Mercantile burglar Alarm Company.

He is a member of the Lawyers', Republican and Larchmont Yacht, Clubs. He also belongs to the Seventh Regiment Veterans' Association.

SIOUX CITY DESIGNATED AS RESERVE CENTER.

With the establishment of Sioux City as a reserve city on March 1 considerable of the money which has been sent to Des Moines and Cedar Rapids banks by the bankers of South Dakota and Nebraska has been removed to the Sioux City institutions. A large number of the Dakota bankers have received permission from the comptroller of currency to make the change.

CONSOLIDATION OF TWO OKLAHOMA CITY BANKS.

Consolidation of the Oklahoma City National Bank and the Central Reserve Bank of Oklahoma City, took place recently and the larger bank, under the name of the Oklahoma City National, opened in the quarters heretofore occupied by the Central Reserve, with deposits of $2,000,000.

The officers and directors of the consolidated banks are as follows: H. W. Williams, president; A. M. Young, vice-president; Don Lacy, vice-president and cashier; C. H. Everest, vice-president; W. M. Bonner, assistant cashier; Homer Eiler, Ed. S. Vaught, John B. Doolin, J. T. Sturm, H. W. Pentecost, J. W. Galvin, W. I. Grebert, R. K. Wooten, J. N. Dodson and J. A. Stine, directors.

The consolidation of the two banks was the outgrowth of negotiations that had been pending since H. W. Williams arrived in Oklahoma City from Greenville two months ago and acquired the Oklahoma City National Bank. The transaction was for purely business reasons, and on March 2 the capital stock of the consolidated banks, under the name of the Oklahoma City National Bank, will be increased from $100,000 to $500,000, with a surplus of $50,000.

TO FIX NEW PRICE FOR BONDS.

The retirement of the $64,000,000 of three per cent. Spanish war bonds now outstanding may be one of the features of Secretary MacVeagh's financial plan, after the treasury has been replenished with a preliminary issue of $25,000,000 to $50,000,000 of Panama bonds. The Spanish war bonds were issued in 1898, were payable at any time after 1908 and do not mature until 1918. About $20,000,000 of them are owned by the national banks and held by the treasury as security for national bank notes and public deposits.

As soon as the details of Secretary MacVeagh's plan are perfected the first issue of the Panama bonds will be made under the new law, which exempts them from the use of security for bank circulation. The issue will mark a new epoch in the finances of this government. All bonds issued heretofore have carried the circulation privilege, and Treasury officials think have carried an

artificial value as a result. The new issue, being available for investment only, will establish a new price for this Government's securities. Under the law they cannot be issued at less than par, and it is likely that they will be sold to the highest bidders.

LOAN COMPANIES IN NEW YORK INCREASE ASSETS.

The New York State Banking Department, for the first time in many years, makes no special recommendations in its annual report relative to savings and loan associations. Superintendent Cheney stated that the new law, which went into effect on January 1, should have a fair trial first. The report has nothing but praise for the new statute.

"The associations in all sections of the State have made unusual progress during the past year," says the report. "At the close of 1910 the reported assets of such associations were $3,825,733 greater than at the beginning. There was an increase in membership of 10,565, and an increase in the number of shares issued of 93,081."

Superintendent Cheney declares that savings and loans associations play a far more important part in the economy of the State than would be indicated in a statement of comparative resources. At present there are associations in fifty-four out of the sixty-one counties.

CITIZENS' NATIONAL OF WACO, TEX., INCREASES CAPITAL.

Announcement was made recently to the effect that the Citizens' National Bank of Waco, Tex., had increased its capital stock from $100,000 to $250,000.

Early in the year the movement for an increase of stock took shape. A dividend of $150,000 (in addition to the usual annual dividend of January) was declared and apportioned among shareholders. A resolution to increase the stock to $250,000 was adopted by unanimous vote of shareholders, and the latter were invited and given opportunity to invest the special dividend in stock. Every shareholder, without even one exception, cheerfully assented, and the redistribution of stock ensued. Every stockholder who held one share received two and a half shares of the stock—and there was still left in the surplus and undivided profits account over $62,500, thus giving the stock as now held an actual face value of $1.25.

FORT DEARBORN NATIONAL BANK OF CHICAGO TO INCREASE CAPITAL.

Directors of the Fort Dearborn National Bank of Chicago have voted to recommend to the stockholders an increase of $500,000 in the capital of the bank to a total of $2,000,000. A meeting of the stockholders

to pass upon the proposition will be held about April 10.

It is the intention to offer the new stock at $125 a share to the old holders in the ratio of one new share for every three of the present issue. While it was not announced that this capital increase is to be in connection with the formation of a trust company, it is understood to be so. The national bank already has a charter for the Fort Dearborn Trust and Savings Bank. It is understood that the trust company will be started soon after the removal of the Fort Dearborn to the American Trust Building, of which it will get possession April 1, the building having been purchased recently by Edward and William Tilden and other Fort Dearborn interests. In its last published report the Fort Dearborn showed $16,700,000 deposits and $11,000,000 of loans. The surplus and undivided profits were about $425,000.

WOMAN ELECTED TO DIRECTORATE.

The following directors have been chosen by the stockholders of the State Bank of Seneca Falls, N. Y.: Mrs. Caroline Cook, Waldo G. Morse, Wilmot P. Elwell, Thomas W. Pollard, Charles F. Hammond, Fred L. Story and Charles S. Sanderson.

NEW CASHIER FOR DETROIT BANK.

Charles J. Higgins, cashier of the Central State Bank, of Jackson, Mich., has accepted a position as cashier of the Metropolitan State Bank of Detroit. He succeeds George H. Sweet, who held that place since the organization of the bank.

CHANGES IN CENTURY BANK OF NEW YORK.

J. J. Kennedy has been elected a vice-president of the Century Bank, to succeed Henry Dimse, who became associated with the Greenwich Bank as vice-president in February. Cashier C. S. Mitchell of the Century has also been elected to a vice-presidency in the institution, his title becoming vice-president and cashier. Other changes in the Cenutry are the election to its board of Joseph S. House, cashier of the Mechanics & Metals National Bank, and Robert P. Zobel, president of the Brunswick Realty Co. They take the places of Leroy W. Baldwin and Mr. Dimse. The election of Mr. House is said to follow the acquistion of some of the Century stock by interests friendly to the Mechanics & Metals National.

CORN EXCHANGE BANK OF NEW YORK ISSUES CALL FOR EMPLOYEES' PHOTOS.

A gallery of photographs of all the employees of the Corn Exchange Bank, with its various branches, is being collected by the bank officials. Along with it the bank is gathering up life sketches of the employees and filing the photographs and sketches away together in its vaults.

The idea is new in bank affairs. It originated a month ago at a conference of the bank's officials. They had found it impossible to get in personal touch with all the employees, so the idea of the photographs and the personally written sketches was evolveu. The employees—some fifty of them are women—have all taken to the scheme most agreeably.

The order to the Corn Exchange Bank employees to send in their photographs and writeups of their careers to the president's

office was sent out soon after the recent conference. Since then the bank attaches have been busy with photographers, as the order has been to send in nothing but the latest pictures. There are 400 employees in the bank's different branches, and half of them have thus far complied with the order.

The photograph scheme has been jocularly referred to by the bank attaches as the "Rogues' Gallery."

MERGER OF BALTIMORE BANKS.

A bank merger which took place in Baltimore early in March brings to the National Bank of Baltimore for the second time within the past two months considerable augmentation in business. At the close of the year the bank effected the merger with it of the Third National Bank, which had deposits of over $3,000,000; under another arrangement the Commercial & Farmers' National Bank has also become a part of the National Bank of Baltimore, this acquisition adding to the latter deposits of nearly a million and a half, and giving the united bank total deposits of $7,600,000. As in the case of the proceedings under which the Third National was absorbed, Messrs. Middendorf, Williams & Co. of Baltimore, who acquired a large interest in the Commercial & Farmers' National last summer, took an active part in consummating its consolidation with the National Bank of Baltimore. The Commercial & Farmers' National was one of the older of the country's banking institutions, dating from April, 1810. Throughout the entire century of its existence it has made its home at Howard and German streets. It had a capital of $500,000 and surplus and profits of $114,000, and its merger is effected on the basis of the liquidation value of its shares. All the officers and employees of the institution, it is understood, will be retained by the National Bank of Baltimore, and the directorate of the latter is to be enlarged so as to include some of the members of the board of the absorbed bank. The National Bank of Baltimore, the third oldest bank in the United States, was established in 1795. It has a capital of $1,210,700.

MICHIGAN BANKS CONSOLIDATE.

In the merger of the Saginaw County Savings Bank and the Bank of Saginaw one of the most important consolidations in the history of the city of Saginaw was formed. It gives Saginaw one of the largest banking institutions in the State, with over $9,000,000 in assets, capital of $50,000, surplus of $50,000 and undivided profits of over $200,000.

All officers of the old banks will be the same, with the exception of Charles A. Khuen, treasurer of the County Savings Bank, who will act as assistant cashier and vice-president and will have charge of the west side office, where a new $80,000 building is being constructed.

NEW BANK IN PROVIDENCE.

The Columbus Exchange Bank, a State institution, has recently been organized in Providence, R. I., with a capital of $100,000 and surplus of $20,000. It was organized to take over the private banking business

of Mariano Vervena, Italian consul in Providence, and already has deposits of over $125,000. It is located at No. 2 Market square, with a branch at 332 Atwells avenue. The officers are: President, Mariano Vervena; vice-presidents, Richard E. Lyman and Vito L. Raia; treasurer, A. E. Carpenter; directors, M. Vervena, V. L. Raia, Chas. A. Sylvia, Frederick H. Jackson, P. Conca, H. F. McColl, G. de Benedictis, H. W. Greenough, A. Laurienzo, R. E. Lyman, O. Batastini.

FIRST NATIONAL BANK OF NEW YORK NOW PAYING FORTY PER CENT.

The First National Bank of New York has increased its dividend for the quarter two per cent. by announcing a disbursement of seven per cent. on the bank stock and three per cent. on the stock of the First Securities Company, the holding company organized a few years ago to absorb the security holdings of the bank. The last quarterly dividend paid on the bank stock was five per cent. With the bank stock paying seven per cent. a quarter and subsidiaries stock three per cent., the two combined are now paying forty per cent. annually.

BANK PROMOTION IN PROVIDENCE.

H. Howard Pepper, until recently assistant treasurer of the Industrial Trust Co. of Providence, R. I., has been promoted to the position of trust officer in the same institution. Mr. Pepper came to the Industrial Trust Co. from the Third National Bank in 1900, when that bank was absorbed, as receiving teller. Later he was made assistant secretary and in 1910 became assistant treasurer. Mr. Pepper has also been president of the Providence Chapter, American Institute of Banking, and is now vice-president of the Bank Clerks' Mutual Benefit Association of Rhode Island.

H. HOWARD PEPPER
TRUST OFFICER, INDUSTRIAL TRUST COMPANY, PROVIDENCE, R. I.

The Industrial Trust Co. is an important institution, with capital of $3,000,000, surplus and profits of $3,633,000, and deposits of $42,000,000. It has a large trust business. Its banking rooms are now being greatly enlarged and new safe deposit vaults installed.

NEW CASHIER AT LUMBERMAN'S NATIONAL BANK OF HOUSTON.

Lynn P. Talley, who was recently called from the City National Bank of Dallas, Texas, to succeed A. S. Vandervoort as cashier of the Lumberman's National Bank, is known and respected throughout the South as a practical banker of wide and varied experience.

At the age of nine years he removed with his parents to Temple, Texas, a new town at that time, founded by the Gulf, Colorado & Santa Fe Railway. Mr. Talley graduated with honors from the public schools of this city and immediately started out to make his way in the world. His first position was that of bookkeeper in a dry goods store. Ambitious, he borrowed money and

LYNN P. TALLEY

CASHIER LUMBERMANS NATIONAL OF HOUSTON, TEXAS

took a course in a shorthand school. Thus equipped he was employed for eight months with a cotton firm and afterwards did expert stenographic reporting for railroads. In September, 1902, Mr. Talley accepted a position as exchange teller with the City National Bank of Dallas, and was promoted successively to manager collection and transit departments, becoming assistant cashier in 1905, cashier in 1907 and a director a few months ago.

GENERAL NEWS NOTES

Personal and Otherwise

—George T. Riddle has been elected president of the Franklin Bank of St. Louis, to succeed G. W. Garrels, who died recently. Mr. Riddle was vice-president of the bank for four years and a director for thirteen years. He is president of the Riddle-Rohbein Company, which conducts the Mississippi Valley Planing Mills. He has been in that business since 1870.

He will continue as president of the mill company, but has arranged for his son-in-law, E. F. Bradbury, who is secretary of the Riddle-Rohbein Company, to relieve him of part of his duties, so he can devote much of his time to directing the bank. Henry Meier, Jr., was elected vice-president of the bank to succeed Mr. Riddle. The vacancy on the board caused by the death of Mr. Garrels has been left open.

—The new banking room of the Scandinavian-American Bank, of Tacoma, in the Berlin Building, which was recently purchased by that institution, is rapidly approaching completion, and when finished will be one of the handsomest rooms on the Coast. Its location at the corner of Eleventh and Pacific avenue, is one of the best in the city, and the appointments of the bank room are so convenient that the officers, employees and customers will all be equally well satisfied. The bank officers expect to be in their new banking room some time in March.

—Harry Yeager, assistant cashier of the First National Bank of Lewiston, Mont., has been appointed a national bank examiner for Montana.

—Announcement has been made by the City National Bank of Bridgeport, Conn., of the election of David F. Read as vice-president of the institution. Robert A. Beers has been appointed assistant cashier.

—James H. Griffith, formerly connected with The Bankers Magazine and who had charge of the Manhattan business of the Bank of Long Island, is now connected with the Fidelity Trust Company of New York City. His specialty will be estates and corporation work.

—The Guaranty Trust Company of New York reports its total resources as of February 28 to be $173,471,958, and its deposits, $133,764,586. Undivided profits, exclusive of the $18,000,000 surplus are $3,941,947.

—Two of the leading banks in Tulsa, Okla., the Colonial Trust and the Oklahoma State Bank, have consolidated under the name of the Colonial Trust Company. L. D. Marr is now connected with the new organization as one of the vice-presidents, which is the only change in the official roster.

—In its statement of March 7 the resources of the Marine National Bank of Buffalo are reported to be $30,197,012 and compare with $29,921,167 on January 7. The bank has in addition to its $2,000,000 capital (of which $1,500,000 has been earned) surplus and profits (earned) of $1,411,391. Its deposits will aggregate $25,-360,121.

—T. M. Campbell, ex-Governor of Texas, is said to be one of the principals in the organization of the Guaranty State Bank of Palestine, Tex. The institution has been formed with $100,000 capital, and the following management has been chosen: P. W. Ezell, president; G. E. Dilley, vice-president; J. E. Angly, cashier, and T. M. Campbell, Jr., assistant cashier. Ex-Governor Campbell is a director. It is stated that the company will begin business at an early date, operating under the guaranty-fund plan.

—Total resources of the Commercial German National Bank of Peoria, Ill., increased almost one million dollars during the sixty days subsequent to the publication of the bank's latest statement. They now stand at $7,302,954. The present volume of loans and discounts is $4,213,997, the present surplus fund reaches $550,000, and the total deposits are given as $5,577,647.

—Charles G. Greene, cashier of the Merchants National of Los Angeles, has resigned to make another business connection. A successor will soon be named. Meantime, J. H. Ramboz, assistant cashier, is attending to the duties of the office.

—Directors of the National Newark Banking Company, of Newark, N. J., have appointed Walter M. Van Deusen as cashier to replace the late Henry W. Tunis. Mr. Van Deusen has been assistant cashier of the institution for the past three years.

—According to the last report given out by the First National Bank of Chicago and its affiliated institution, the First Trust and Savings Bank, the combined deposits of both banks is placed at $168,155,562 and the combined resources total nearly two hundred millions of dollars. The First National alone reports deposits of $116,044,873; the First Trust has $52,110,689 of deposits.

—R. J. Waters, president of the Citizens' National Bank of Los Angeles, has also become president of the Broadway Bank and Trust Company, which was recently acquired by interests representing the Citizens' National. Warren Gillelen and R. W. Kenny, who were respectively president and cashier of the trust company, now take positions as vice-presidents of the company.

—William A. Day, acting president of the Equitable Life Assurance Society, was elected a member of the executive committee of the Mercantile Trust Company of New York, to take the place made vacant by the death of Paul Morton, president of the Equitable Life. The directors of the Mercantile Trust Company have declared the regular quarterly dividend of five per cent., payable to stockholders of record on March 31.

—The Fidelity Trust Company of Louisville, Ky., now has two vice-presidents instead of one, provision for a second office of this nature having recently been made by the directors. Gilmer S. Adams has been chosen senior vice-president, John T. Malone being the other vice-president.

—A permit to organize the Austin Avenue State Bank at Oak Park, Chicago, has been issued by the Auditor of Public Accounts to Henry Phillinger, William B. Ross and Harold Phillinger. The institution is to have $100,000 capital.

—G. Foster Smith, cashier of the Nassau National Bank of Brooklyn Borough, has been elected chairman of Group VII of the New York State Bankers' Association, Edgar McDonald having retired from the office because of the demands upon his time as president of the Nassau National.

—The trust company section of the American Bankers' Association is planning a banquet of national character to be held in New York, at the Waldorf, on May 5, when the executive committee will be back from Nashville, Tenn. While details are not yet complete, a committee of arrangements has

been formed, which includes the principal trust company officers in New York and the leading banking centres of the country. It is expected that members of the trust company section from all over the United States will attend.

—On March 7 the Hanover National Bank of New York reported loans and discounts of \$63,960,479; a surplus fund of \$12,000,000; deposits of \$65,086,085, and total resources of \$118,794,729.

—The Boston News Bureau in a recent statement of the earnings of the Boston banks, placed the National Rockland Bank fourth in the list with earnings for the year of 23.2 per cent. Mr. Frederic W. Rugg, the present president of the Rockland, has held that office since 1907 and during the intervening period the bank's deposits have grown from \$2,400,000 to \$3,400,000, or forty per cent., while the surplus and profits have increased from \$402,000 to \$530,000, or over thirty per cent. In the meantime the annual dividend has been increased from seven per cent. in 1906, to eight per cent. in 1907, 1908 and 1909, and ten per cent. in 1910. The capital of the bank has remained at \$300,000.

BANK BUILDINGS, PRINCES STREET, LONDON, E. C.

PROPERTY OF THE BANK OF ENGLAND, IN WHICH THE ROYAL BANK OF CANADA HAS OBTAINED GROUND FLOOR OFFICES UNDER A LONG LEASE

CANADIAN NOTES

—The forty-second annual general meeting of the shareholders of the Royal Bank of Canada was held in the banking house in Montreal, on Thursday, January 19, 1911, at eleven o'clock. Net profits for the year, after deducting charges of management, accrued interest on deposits, full provision for all bad and doubtful debts and rebate of interest on unmatured bills, amounted to $951,336.99; balance of profit and loss account on December 31, 1909, was $228,393.94. There was appropriated as follows: Dividends, Nos. 90, 91 and 92, at eleven per cent., and No. 93, at twelve per cent. per annum, $586,500; transferred to officers' pension fund, $50,000; written off bank premises account, $200,000; transferred to reserve fund, $100,000; balance of profit and loss carried forward, $243,230.93.

Negotiations for the purchase of the Union Bank of Halifax were successfully concluded during the year, and the business of that bank was taken over on November 1, 1910. Through its absorption, the Royal's connection in the Maritime Provinces and West Indies has been materially strengthened.

The accompanying comparative statement shows the bank's progress since incorporation.

Year.	Capital paid-up.	Reserve.	Deposits.	Loans.	Total assets.
1869	$300,000	$20,000	$284,656	$266,970	$729,163
1880	900,000	180,000	1,232,362	2,086,655	2,874,805
1890	1,100,000	375,000	3,271,605	4,462,703	5,849,017
1900	2,000,000	1,700,000	12,015,710	12,342,094	17,844,038
1908	3,900,000	4,600,000	37,443,441	30,660,987	50,470,210
1909	5,000,000	5,700,000	50,822,129	43,838,544	67,051,102
1910	6,200,000	*7,000,000	72,079,607	60,586,261	92,510,346

*Also undivided profits, $243,230.

BURROUGHS "ALL STAR CLUB" HOLDS CONVENTION

THE Burroughs "All Star Club" is one of the many unique organizations prompted by the Burroughs Adding Machine Company to instill enthusiasm into its selling force. It is composed of salesmen who have made not less than 100 per cent. of their quota of sales each month for three consecutive months and who average at least 135 per cent. of their quota for the

HEAD OFFICE MONTREAL

same period. On January 9 eighty members came from all over the United States and Canada, at the company's expense, to spend a week at the home office exchanging ideas and listening to addresses and talks on the fine points about the machine.

The company served luncheon each day in the convention hall. In the middle of the week there was a smoker and a vaudeville performance, and on the last night of the convention visitors, officers of the company and members of the sales department banqueted at one of the downtown hotels, covers being laid for 160.

During the month of December 3,056 Burroughs machines were sold, netting the company $982,862.50. This established a record of 19,635 machines for the year.

RUEL W. POOR

PRESIDENT GARFIELD NATIONAL BANK OF NEW YORK

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THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FIFTH YEAR — MAY, 1911 — VOLUME LXXXII. NO. 5

FORCING THE BANKS INTO THE PROPOSED RESERVE ASSOCIATION

REFERENCE was made in a recent number of this MAGAZINE to the plan put forth by the Chairman of the National Monetary Commission for organizing a central bank, to be called the Reserve Association of America. Especial interest attaches to the method proposed for securing the capital for this central bank. It is provided that the existing national banks shall subscribe for the capital of the central bank to the extent of twenty per cent. of the capital stock of the subscribing banks. As the capital of the central bank is to be $300,000,000, and as the present capital of the national banks is only about $1,000,000,000, there would be a shortage of some $100,000,000 even if all the banks would subscribe in the proposed ratio.

Possibly the author of the plan believes that should his measure become a law it would result in the nationalization of many of the existing State banks.

However, should this expectation not be realized or unless the existing national banks should largely increase their capital, a change would have to be made in the plan of raising the funds to set the central bank in motion.

While apparently the requirement that the national banks may subscribe for the stock to the extent of twenty per cent. of their capital is permissive only, a careful examination of the measure will show that it is, in effect, mandatory. For only subscribing banks shall have the privilege of becoming members of local associations of banks and having their commercial paper guaranteed and rediscounted. This restriction is reasonable enough, of course, but few banks could afford to stand aloof and compete with other institutions having this privilege. They would be practically forced into subscribing to the central bank's capital for their own protection.

The device of compelling banks to part with their profits and funds for the benefits of a needy government is by no means a new one. It is, in fact, a favorite one, both among monarchies and republics, for replenishing depleted exchequers.

As already pointed out in a previous article, the profits on the central bank stock are limited to five per cent.; or, rather, all profits above that rate—after the surplus equals twenty per cent. of capital—shall go to the Government.

An examination of the statistics of earnings of national and other banks as presented in the reports of the Comptroller of the Currency will show that they are making a return on their capital much greater than five per cent. The net earnings of the national banks last year were in the neighborhood of fifteen per cent. of capital.

It may be said, with considerable plausibility, that the banks do not make this return directly on their capital, but on their deposits—their whole transactions. Nevertheless, they are permitted to make these earnings, from whatever source they may arise, because

they have their capital invested in the banking business. Had the same amount been invested in mining, in agriculture or in what not, the profits might have been more or less. But, invested in banking, the profits have been as the statistics show. If these profits were derived from deposits and not directly from capital, yet the investment of capital in banking enabled the banks to hold reserves and to create deposit liabilities under the terms prescribed by law. It is the investment of capital in banking which confers every function on an incorporated bank which it possesses and which constitutes the source whence every kind of profit is derived. Antecedent to the profit on buying and selling exchange, commercial paper, discounting, etc., etc., is the investment of capital in the business of banking, and all these operations are, indirectly at least, dependent upon the fact of such investment.

Now, there may be just as much profit made by the central bank as by the individual banks; but the profit above five per cent. will not go to the stockholding national banks but to the public Treasury.

It may be contended, and with good reason, that five per cent. is a fair return on an investment of this character. But the individuals who hold bank stock, and have made two or three times that rate of profit, may have their own opinion about that, and it will then become a very practical question indeed whether they will want to take capital away from their own communities, where it can be employed at greater profit, and put it into an outside central bank where the profits will be materially less.

Doubtless, banks subscribing to the central bank stock will receive compensating advantages. These may be even great enough to warrant the withdrawal of capital from the locality where the bank is situated and the investment of it in the central bank. But a good many bankers will probably regard the bird in the hand as more desirable than the one in the bush.

A scheme to siphon the profits out of the banks into the Treasury at Washington may be less alluring to some hard-headed directors than it is to the academic gentlemen who spend their leisure hours in devising currency plans.

The present National Bank Act compels the national banks to invest in Government bonds, but the investment is practically returned to the banks in the shape of their notes, which circulate as money. The banks must invest a certain proportion of their capital in bonds whether they issue circulation or not.

Manifestly, if subscriptions to the stock of the proposed central bank were opened to the general public, the stock would soon be taken. But whether the banks will take it so readily or not is at least an open question.

Should a national bank with, say, $1,000,000 capital, subscribe for $200,000 stock of the Reserve Association or central bank, the capital of the subscribing bank would not be reduced by the amount of the subscription, but the investment would be changed merely from its present form to stock in the Reserve Association. But the change in the direction of the investment would probably lessen somewhat the subscribing bank's ability to care for its local dealers, as there would undoubtedly be a considerable withdrawal of capital from home channels for diversion to outside purposes.

On the other hand, as has been pointed out already, the general benefits that may flow from the operations of the Reserve Association may be so great as to compensate a bank for any direct loss of profit it may sustain by subscribing to the central bank's stock. Indeed, it is by no means impossible that the greater facilities furnished by

the central bank may enable the existing banks to make larger profits under the new conditions than they are making now.

The manner of providing the capital for the Reserve Association—should the plan ever get beyond the academic stage—is of great importance. Most seekers after capital have to present their appeals for funds with a becoming sense of humility. But the Reserve Association proposes to obtain its funds by a peremptory demand made on the banks, and if they do not respond with alacrity they may have cause to regret it.

Unless the stock of the Reserve Association is made attractive to the banks, either in the shape of profits or privileges, they may refuse to subscribe, and in this case the capital would have to be supplied by the financiers who would doubtless find a way to manipulate the bank for their profit.

While the plan of Senator ALDRICH for a central bank is evidently designed to force the existing national banks to subscribe for the capital stock of the proposed institution, and is also apparently designed to force the State banks and trust companies into the national system, it may have the contrary result—to drive many of the national banks into the State banking systems and to keep the State banks and trust companies where they now are.

ANALYZING THE COST OF ACCOUNTS

A RECENT issue of the MAGAZINE contained a very instructive article by Mr. E. H. ENSELL, of the National City Bank of New York, outlining the method of finding the cost of an account in a large reserve bank.

The perfection of their analysis departments is one of the notable advances made by carefully conducted banks. A bank that does not have accurate knowledge of the cost of its accounts is a good deal like a mariner navigating the seas without compass. A large volume of business and a great many accounts do not necessarily spell big banking profits. The bank must know what is the cost of the account, in order to know whether it is a source of profit, whether it breaks even, or causes a loss.

Having this knowledge, the bank does not need to be told by a depositor how much profit is being made out of his balances—it has that knowledge always at hand, and is in a position to discount any extravagant claims a depositor may make for accommodations based on the profits of his account.

When an account is found by analysis to be unprofitable, the question at once comes up as to what shall be done. The unprofitable account this month may, of course, show a profit next month. Should an account show an unsatisfactory return, or a loss, for any length of time, the bank would be justified in making a charge for its services or in intimating that the account was no longer desirable, there being no sound reason why a bank should extend the use of its facilities gratuitously. Sometimes, it is true, these unprofitable accounts unexpectedly take a favorable turn, and the bank is adequately reimbursed for what it failed to make out of the account during the lean years. But to take chances of this kind, over a long period, tends to bring a speculative element into the banking business. Perhaps many banks in practice give themselves little concern about the matter, while others do like those who sell goods on credit—make the good accounts bear the losses of the unprofitable ones.

As to this matter of taking chances, we quote from an address made some time ago, before the Washington Bankers' Association, by Mr. JAMES K.

Lynch, vice-president of the First National Bank of San Francisco:

"A director in one of the large Chicago banks told me that a great part of the success of their institution was due to a policy consistently followed for many years of encouraging young men of ability who were starting in business for themselves, particularly in manufacturing lines. No doubt Chicago is exceptionally well situated for business of this character, so that given honesty and ability only capital is required to insure success, and in other places lacking the advantages of abundant raw material, cheap fuel and transportation with large tributary population, much more care would have to be exercised before loans on prospects could be justified. The subject is one to which every banker should give due consideration, not only for the future of the bank, but for the future of the community and also to demonstrate that banks are not conducted for the rich alone.

"I suppose every one of us has tried to assist worthy poverty and to encourage budding genius, and I think we can all testify that no small part of the minor worries of the business are due to such efforts. Not only does the making of such advances test our reading of character to the utmost, but we must always remember that the money risked must never be capital but at most a moderate share of the profits. The percentage who make a decided success is not very large, and of these the major portion take all the credit to themselves and give none to the bank, but there is a small minority who succeed through the bank's timely assistance and become lifelong customers and friends. Such customers are the best business builders a bank can have, and their influence works in an ever widening field. The best asset a man can have is the confidence and good will of the community, and it is unfortunate that the two do not always go together. Confidence must come first, and if good will is too earnestly sought after it may impair confidence, which is the reason for never risking more than a small part of our earnings in such efforts to develop business. In other words, we should always be able to consider our losses as a part of our advertising expense.

"There is no doubt that the attitude of banks towards the public has changed very much in the last twenty-five years, and in nothing is this shown more than in the welcome that is extended to the small account. Banks used to put a limit on the minimum initial deposit that they would receive, and the applicant had to pass a satisfactory examination as to his means and the prospects of maintaining a satisfactory balance. Now, most banks will take any account that promises enough balance to cover the checks that will be drawn against it. The analysis department may show conclusively that such accounts do not pay expenses, but there is another standpoint from which they can be considered. What better method of extending our acquaintance and influence in the community than through the people doing business with us? Many a depositor whose own account never pays its cost proves a willing worker and brings in business that is of value, and even where we cannot trace results we may be sure that the influence of a steadily increasing number who regard our bank as their bank, is strengthening the institution.

"The transient account is also worth considering for its possibilities; it has happened more than once that an account opened for a few weeks has led to permanent relations on the depositer's return. Others will direct their friends to the bank that was willing to take the trouble of a temporary account, and by mentioning the matter, show their appreciation. It is true that small accounts considerably increase the work

of both bookkeepers and tellers, but the adding-machine and the loose-leaf ledger have much reduced the cost of caring for them, and they may be regarded as a form of advertising; to my mind there is none better or more certain to bring results. Much of the apparently profitless work which we are daily doing, where it is in the line of service, brings returns in the same way."

HEARINGS BY THE MONETARY COMMISSION

According to announcements made in the newspapers recently, representatives of the Currency Commission of the American Bankers' Association were to have a hearing before the National Monetary Commission at Washington. From the same source comes the information that this hearing was not a public one. We have also seen a report to the effect that a secret conference was held a short time ago at Atlantic City between representatives of the American Bankers' Association and the Monetary Commission.

It is difficult to see just what could be the purpose of having these conferences secret. Do the bankers wish something done that they do not wish known to the public? Or is the Monetary Commission willing to lend a willing ear to secret proposals?

Addressing the convention of the American Bankers' Association at Denver in 1908, Woodrow Wilson, then president of Princeton University, and now Governor of New Jersey, said:

"The banks of this country are remote from the people, and the people regard them as not belonging to them but as belonging to some power hostile to them. * * * The bank is regarded by the average man in the United States as the exclusive peculiar instrumentality of the men who are doing business upon a great scale, and who are at present negligent of the general interest and intent upon their own."

We are inclined to believe this statement a little too strong, but it no doubt contains considerable truth. This feeling of hostility toward banks exists to a much less degree now than in former years, but is still to be reckoned with in any attempt at banking legislation. At best, it will be difficult to get the Aldrich Plan or any comprehensive banking bill through Congress, and this difficulty will be made greater by reports of secret conferences between representatives of the Monetary Commission and the American Bankers' Association, for many people will infer, whether justifiably or not, that the purpose of such concealment is to give the banks some undue advantage in shaping legislation.

LARGE EXCESS OF EXPORTS

Returns of the foreign trade for the past eight months indicate an excess of exports over imports amounting to over $418,000,000, and as large amounts of American securities have been placed abroad recently, gold imports may be looked for at any time in case gold should be needed here.

While the placing of American securities abroad is generally looked on with approval, it should not be forgotten that every such transaction implies the sending abroad every year of more commodities or cash to pay interest on our foreign loans or dividends on our stocks held abroad. Moreover, a time inevitably comes when the debt must be paid or resort had to fresh borrowing.

A nation like the United States, with large undeveloped resources, might struggle along painfully without the help of foreign capital, but its progress would be exceedingly slow. After all, the question hinges largely on economy and utility. If capital may be had

more cheaply abroad than at home, foreign borrowing is decidedly advantageous. And if the capital so borrowed is productively utilized, the country will be the gainer, even after paying the foreign interest and dividends.

This does not mean that it would not be better if the home market could supply our demands for capital, just as it would be better if individuals could carry on their enterprises without having to borrow at all, but this is manifestly impossible. Were it impossible to borrow, the wheels of enterprise would almost stop turning.

Under present conditions foreign borrowing is not only desirable, but with many of the younger nations a necessity. The foreign markets for our securities, therefore, should be as carefully nurtured as are the markets for our agricultural and manufactured products. Confidence in the quality of these securities should be created and carefully sustained, and every source of accurate information respecting them made available to the foreign investor.

Standard American securities have long held a high reputation both for safety and profit, and with the growth of the country in wealth and population the character of our securities has steadily improved.

THE BANKS AND THE ANTI-TRUST LAW

IT seems that the United States district attorney in New Orleans conceived the idea that the banks in the New Orleans Clearing-House Association had violated the Federal anti-trust law by agreeing to make a uniform charge for the collection of checks drawn on banks in other States. But the Attorney-General having decided that the agreement was not an offense under the statute, the district attorney has now desisted from his efforts to have some of the members of the clearing house indicted upon this charge.

While these charges on out-of-town checks probably represent an expedient which the banks must adopt pending a more scientific adjustment of the matter, it is doubtful whether the fixing of such a charge violates the provisions of the anti-trust law. The clearing house merely says, if the banks wish to enjoy its privileges, they must obey its rules.

It has been well said that "The freer you can make the check, the nearer it becomes to currency." Consequently, the less currency would be required.

As the Clearing-House Section of the American Bankers' Association develops in its efficiency, it may be expected that a more scientific and equitable system than now prevails may be devised. The problem presents many complexities which will require careful study.

While perhaps it would not be exactly just to hold the banks amenable to the anti-trust law because they have fixed certain uniform charges for collecting checks, yet if this had been done it might have hastened a more desirable settlement of the matter than has yet been reached.

EXAMINATION OF BANKS BY DEPOSITORS

ONE of the latest proposals for extending the examination of banks beyond present limits appears in a bill recently introduced in the New York Legislature, providing for the examination of banks by depositors.

In addition to the existing examination of banks provided by State and Government authority, supplemental examinations are made by many banks. These additional inspections are in some cases made by the officers or directors, by committees specially appointed for the purpose, by private auditors chosen by the officers or directors, and in a few

banks examinations are made by a stockholders' committee acting independently of the officers and directors. Examinations of the latter character have the advantage of tending to prevent or to break up collusion between the officers and directors. In addition to the examinations mentioned there are also examinations in many cities under the auspices of the clearing-house association.

It would seem that all these different kinds of prying into a bank's affairs would offer about all the protection that may be derived from examination of any sort. But now it is proposed that the depositor shall be allowed to inspect the affairs of the bank where he keeps his account.

On the face of it this appears reasonable enough. If a man entrusts his money to a bank, why should he not be entitled to know everything possible about its condition? However reasonable this may sound, the fact remains that it is impracticable, as any bank would soon find out by giving it a trial. A banker recently declared to us that his bank was subject to examinations from so many sources already that it seriously interfered with the conduct of business. Trust companies doing a trust and surety business have in fact to undergo other examinations than the ones already enumerated.

The examinations provided by State and Federal authority are largely for the protection of depositors, and though these examinations are not perfect, it would, we think, be difficult to show that examinations directly by depositors would be much better.

There must be a recognition of the fact, after all is said and done, that bank examination of the best kind breaks down at some point, and while the present methods should be improved on where possible, no improvement will ever prevent bank failures and losses to depositors. Probably the best examination of a bank is that made in the daily course of business by its chief executive officer.

INTERNATIONAL CONFERENCE ON BILLS OF EXCHANGE

A COMPREHENSIVE report covering the transactions of the International Conference on Bills of Exchange, held at The Hague last summer, has just been issued from the Government Printing Office. The text of the report is furnished by the American delegate, Mr. Charles A. Conant. Speaking of the work of the conference, recently, Mr. Conant said:

"The British and American delegates could not, however, accept the uniform law because of the fundamental differences between their legal systems and those of the Continent as well as on account of differences of detail. It was an indication of the conciliatory attitude of the British delegates, however, that they had recommended to their Government that several important changes be made in their law to bring it into harmony with the uniform law.

"One of the most important of these changes was the abandonment of the old rule that the holder of a bill who lost his right of recourse by reason of failure to present or protest it or to give notice of dishonor, lost thereby all other rights on the consideration for the bill. The uniform law, following the German law, provided that a right of action should remain to the holder of the bill on the consideration for it, subject to certain rights in the drawer or indorser, if they had been prejudiced by failure to present or give notice of dishonor.

"Another very important change was the provision that a bill bearing one or more forged indorsements might still be valid in the hands of an innocent holder against the makers of the genuine indorsements. This is contrary to the present British and American rule,

which vitiates a bill, even in the hands of an innocent holder, if there is a single forgery in the chain of indorsements. The advantage of the European rule was to give greater security to a holder in good faith to protect a banker against loss when he was such a holder, and therefore to make the bill conform more nearly to its fundamental character as a readily negotiable instrument of exchange.

"The disposition of the conference to meet the wishes of the Anglo-Saxon delegates was shown by the fact that three points upon which American bankers had laid special stress were adopted in the uniform law. These were in substance, that the form and manner of protest of a dishonored bill should conform to the law of the country where the dishonor occurred; that protest of a bill might be made one day after dishonor where it was more convenient than on the actual day, and that when a bill was presented for acceptance the drawee should have the right to reserve his decision until the following day."

GET-RICH-QUICK ADVERTISING

FROM a recent number of "The Outlook" we take the following on the above subject, contributed by THEODORE ROOSEVELT:

"In a recent raid made by the Post-Office Department the official estimates announced that the financial frauds closed up in the raid had taken from the public about eighty million dollars. The experts in the advertising world to whom I have spoken say that about one-third of the net receipts of these financial swindles are spent in advertising in the newspapers. This would mean that, as to the swindlers put out of business by the Post-Office Department through its recent action, one-third of the money, or twenty-five million dollars, which the swindlers had taken from unsophisticated people, and usually very poor people, had gone into the hands of newspaper publishers. A prominent authority in the Post-Office Department stated recently that as a fair estimate, he believed that between thirty and forty million dollars a year was paid in this country to newspapers of great circulation for advertising financial swindles of the worst kind.

"Nobody can estimate the amount of real misery caused in the hearts of poor and unsophisticated people by these swindlers, in whose hands they have put their petty savings, and in whose good intentions they have placed their foolish faith and hope. Moreover, there is a grim irony in the fact that many of the newspapers which have been the worst offenders in this respect are the very newspapers which in their non-advertising columns howl their devotion to the poor man and attack the rich.

"As has been shown by the action of the Post-Office Department, the Government can and does, even now, interfere to a certain extent with this kind of swindle; and with better and stronger laws it will interfere still more. But in addition to law there must be an informed body of public opinion, able to express the righteous indignation which all men should feel at this kind of mean money-making and mean wrongdoing. The worst actions of the big business corporations cannot cause more misery than can be caused by a single great daily newspaper which habitually advertises swindles of this character."

Possibly the Government might find a way to stop the advertising of some of the most notorious of these swindles in the newspapers by denying admissions to the mails of any newspaper containing them. Such, we believe, was done in the case of the Louisiana Lottery. But probably the Louisiana Lottery was a conservative business enterprise compared with many of the schemes now appealing to the gullible under the guise of "investments."

LOOKING TOWARD BRANCH BANKING

By Charles W. Stevenson

IT is inevitable that banking in its methods and scope shall be affected by the trend of general business. The bank subsists on commerce. It is the servant of the people, performing services in many ways not thought of by the patrons. It will grow and expand with the growth and expansion of all the business of the country. It will diminish with the diminution of the volume of business. But because it is directly the servant of the individual engaged in trade, for this reason it will be seriously affected by business changes.

Now there is great evolution in business. True, the individual has the complete right of initiative subject to the laws of the land. The principal of uninterrupted domestic free trade is ours. The government does interfere when it comes to taxation and the raising of revenue, or when there is such fraudulent practices as to endanger the public health. But if a man have an idea, he may put it into trade without asking permission of anyone. And so there must necessarily be a conflicting of ideas in business, and there is.

Again, every man works, as he has a right to work, for profits. There follows a keen rivalry for the trade of the people and this is dominated competition.

Consolidation and Bank Mergers.

We are to-day in an era of consolidation to the end of better and more efficient service. Because of this there are changes going on in the whole business world that affect the banking institutions of the country. And it is inevitable that the bank shall change its method of doing business.

These consolidations are directly traceable to the inventive genius of man. Each man is striving, under the law we have enumerated, to make his business return the most to the individual buyers that he may have their trade. To do this he uses every force in nature that he can discover.

New articles by means of innumerable compounds are placed on the market to the end of human benefit. The uses of things change with the advancement of the people. The thickening of population and the building of cities, the laying out of States and counties, the merging of railway lines to the end of better management, the immigration or migrations of races, the political laws enacted, all tend to change and, we may say, to that cohesiveness which means and makes consolidation.

Tendency to Extend Power.

No merger can be effective that is not based on reason and human benefit. And therefore we find nothing alarming in the formation of large consolidations within themselves. Any holding of power may be misapplied. Men may in their greed and eagerness lose sight of the human equation and go in for profits alone. Then they do such deeds as arouse the animus of the people and breed a host of restrictive laws that in the nature of things must be most of them ineffective and shortlived.

Taking the matter of the bank consolidation—if it be not governed by these same laws of service it will find that it has but brought alien conditions and forces together and must lose to other organizations or banks that will crystallize out of the unutilized forces of the section or community. If the bank merger is not one based on the union of commercial interests that are naturally tributary and mutually self sustaining then the unabsorbed interests will form in time into a new bank that will gradually gain the deposits that are temporarily diverted.

But regarding the desires of men we will immediately observe that in all consolidations including the big bank merger there is a straining for power. And it must be believed that the ten-

dency of consolidation is to extend, and to seek to extend, power.

Influence of the Collection Department.

If there is no other reason for a consolidation than the mere desire of a few men or one man to make all the profits and do all the business then there would be some reason for the artificial law which seeks to control business and force it into certain channels. For it is better that there be a large number of men employed in small business than a few in one large one if there were no compensating advantages by means of the latter.

On the other hand, looking within the management of the business itself, we find that there are reasons often for the merger. In the bank we find it always manifest in the collection department. Here there is a desire to get the bank into as large a chain of interests over the country as possible. If there is a bank doing business with the large metropolitan bank, then it has a seat of power close to the people of a section and it can have its collections made without charge. And this matter of reciprocal favor is worth while when it is remembered that there are thousands of dollars of cost to the collection of items received at par, because the receiving bank has no correspondent at the place of payment. And in the same way in reaching out for loans there is the same law. Thus we have here a tendency in the nature of the business to make it branch out into new fields by merging several interests. And here we find our first reason for branch banking.

Opposing Natural Elements.

But we must not imagine that in this cause there is sufficient reason for the establishment of full fledged branches in the outer parts of the country after the manner of the English system. The whole of the object of collection can be subserved by adroit relations. It may be had by placing the business of the bank in a chain of dependencies. In other words by securing the deposits of banks throughout a section so that the commercial interests therein may be reached through mutual interest without charge. This is worth while on every hand and the individual bank is thoroughly capable of doing all that is needed.

When it is recalled that a bank is made up of the interests of borrowers and depositors then it is better that it be an organism in each community than that one of the powers be alien. If the interests are of one community and the capital of another; if the profits are to be distributed at some distant point; if indeed there is no community of interest between the management and the people; then there is no real basis of strength in the union. There is an opposing element. And for this reason the effect of the union cannot be appreciated to its fullest extent. For when the people of a community own their own banks then they have full power over their management, and having this power they give of their goodwill and their commercial and financial strength in proportion. Doing this they are immediately amenable to the rules and regulations of this banking integer. And in this way they deal directly with their own people. Even the collection department of an outpost is thus better managed by an independent bank than it could be by a branch under the other system.

Political Opposition.

Sometimes in the efforts to perfect the banking system of the country one is told that the branch banking system of other countries is what we need to make a levelling influence in this. But do we? There are many considerations, as we are trying to show. Take the matter of political opposition if nothing else, and what have we?

In the first place there is a feeling that the government has a hold over the corporations because of the charter rights granted. For years there has been an outspoken political animosity to

those which are large and which have to do with the necessities of life. And it will not be soon that the people will take kindly to a system that will place the seat of all banking power in the favored corporations of the great financial centers. In addition to this there will be the question of sectional interests at stake and in so large a country as ours the time will not soon come when it will be thought desirable to give to either a remote east or a remote west—if such should be the case—the control which would inevitably arise through a branch banking system.

But beyond this is the principle of ownership and operation of industries as a tenet or doctrine of the political parties in this country. And so deep seated is the opposition to present forms of wealth and the ownership thereof, in parties that are yet unknown quantities of national influence like the Socialist, that it is safe to predicate here a strong opposition to any change which will do away with the right of each section, community, and town, to inaugurate, own, and operate, its own individual and independent bank. For it has been decided in some of the recent cases that the operation of a bank is a private right.

Economic Obstacles.

If one studies the nature of credit it will be found that a paraphrase of an old saying will be illuminating: credit begins at home. In a word, it is the trust which one man puts in his fellows that makes the great fountain of credit when it is aggregated in the bank, large or small.

Take the matter of an accommodation note at the country bank—one of the first forms of credit. Here the bank makes itself safe by taking an additional name to the instrument. And for what reason if it be not that of friendship and confidence does the second man sign the note? Even if a man sign with the sole intent of asking a like favor, the good banker doubts immediately the propriety of allowing this relation to long continue. And he is moreover at once put on his guard to look for collusion to the end of fraud. So that there is a law which makes it imperative that the man who is in control and management of the bank shall get close to the intent and character of the man with whom he is dealing. In the same way it is personal integrity and ability that draw deposits.

The Central Bank.

There now appears on the horizon of banking a new means of ameliorating all the conditions that make for economic conflict and popular panic or crisis. It is known as the central bank. But we must admit that once such an institution is in existence its chief tendency will be to establish its influence and dominance by means of branch banking. It will do this because it is the way that power is held and is engendered.

There can be no power exterted by the branch banks that is not in the central institution, and there can be no power exerted by the central institution other than that which is locally engendered and held, save it come by means of antennæ, such as branches drawing the substance of credit power from the remote borders of its operation. And the central institution cannot be central unless it is the center of a radius of influence.

It is for this reason that it will seek to come in touch through some means with the borders of the country. It naturally will wish to plant agents and managers here, and the doing of this will tend to create a ganglion of financial energy that will be tributary to the great power which directs and controls the whole.

But this cannot be in keeping with our betterment if the people are to be held in vassalage to this power. The ownership of this institution, if it is allowed to establish branches over a vast territory, will not only prove to be an economic harm, but it will show that an oligarchy of wealth may be established that will hold the reins of commercial power. For he who holds the purse strings of a nation, it is said, is its master, and in very truth he who holds the creditmaking power of a country holds its purse strings with autocratic grasp.

The Power of Issue.

One of the chief prerogatives of the proposed central institution will be the right, and perhaps it will be the exclusive right, of issue. Indeed it is through the multiplication of credit thus engendered that the alleviation of financial crisis is proposed to be brought about. And in order that this begetting of credit shall be of advantage to the country, the tendency will be to push this circulation out into the country. If this is done by any means other than the interests of the banks themselves growing out of their mutual relations then it will be one of centralized power.

Under the old system, known as the Suffolk system of New England, the banks of Boston redeemed the bills of their correspondents through that section when they had accounts with the banks of the city that were in the agreement. It made a clearing system that gave to the central banks of issue a chance to push their own notes out into the country, and it made a redemptive bureau for the remote issuing banks that brought their issues to par and kept them so. It did away with the shipping of specie to a large extent, and altogether it gave great satisfaction and continued for a long time.

And as it continued it preserved to the banks outside the city their full right of credit issue and gave them a stability and a renown that was sufficient to enable them to do business without having all their notes presented at the home bank by means of the city institutions in lots that might become embarrassing.

It also had the virtue of pushing through proper channels the rapid cancellation of this form of note issue. Here, then, was independence, and yet all the rights which are proposed and the benefits that are promised by the central bank and its inevitable branches.

Individual Banks and the Right of Issue.

It is to be borne in mind that issue means the projection of power that is inherent. The method which we have outlined of gathering credit out of the individual trustfulness of men in their domestic commercial relations is the proper mode, and it is what accrues to each individual and independent bank.

This is a right of each bank, and it is a property right of every community. In other words, the branch bank cannot so correllate these interests and capitals that they will have the power which goes to back up an individual bank issue. The branches will have no right of issue—that right will belong to the parent bank. In one way, by a devious route, the deposits of the remote community will give credit and note issue to the central institution. But this will not be intimate to the needs of the community in a local way. Only the independent bank can feel and know what each community wants. And only the men in touch with the local needs can supply them.

If banking is a private right, then the establishment of a private or a public bank will put in motion all that belongs to the credit-making power of the community. And it is of moment to each community that this property right be safeguarded to them. The branch bank system must destroy the right of note issue through a bank that belongs to any community that will put enough capital together into an institution to erect a bank. And it matters not what the size of the bank, the right is thus engendered. And while it may not be expedient to have the very small banks continue to exercise a right of issue, yet the right is inherent, just as it is inherent in the individual to place his credit where and in what way it will do him the most good.

Tendencies of Proposed Changes.

The central thought now in the minds of some of the reformers of our currency and banking is that there can be created by artificial means a fountain of credit which will supply all that the communities may not be able to furnish through their regular banks. But the question may be asked just here, what will be the measure of this power? How can it come into existence save through

privilege unless it is the result of an aggregation of parts or of small entities? In a word, is not the great city bank of the present sustained in two ways: by the deposits of banks and individuals at a distance and by those of the great enterprises of the city? Now there is but one method of sustaining the city enterprise, and that is through the strength of the country. Cities would perish from the earth if they could not consume what comes in from the outside and furnish of their own manufacturing, mercantile and individual skill and toil to pay for this. And so it is very doubtful that a bank even when manned by a special permission of the government can long exist unless it have some means of drawing to itself some of the strength of the surrounding communities. There is then always a tendency, as we have stated, to place branches on the outposts that they may suck up the strength of the locality into the central power.

On the other hand, the question of privilege comes in, to give to this bank creation an unnatural power which must to some extent take from the natural power of the local banks. Just the mere right of issue, and it is to be remembered that the Bank of England has an exclusive right of issue in a given territory, will take from the local bank some of its power and profit. This is at once apparent.

The General Outlook at the Present Time.

Any central institution then must not only have a tendency to create branches in the spreading of its power, but it must take from the credit-making power inherent in the local bank. This is natural and inevitable though it may not be wholly apparent and immediate. But unfortunately in our forms of government there is lodged a supervisory right which is mistaken often for the right of interference. We have formed the habit of going to the government for aid and refuse to await the clearing processes of time, and refuse to believe that there are some things which the government and its laws cannot do.

And so it is best to look to the future with the idea that there are forces at work which cannot be directed, instituted or stopped by legislatures and courts.

Governmental Interference and Influence.

Looking ahead at the tendencies which we have enumerated, it is easy to see that if the branch banking system were to be the outcome of a great central institution with governmental control, it would be the means of grafting the banking business into the very structure of the government. The branches would require a great army of officials. And, indeed, as in the case of the parent institution, if there was more than inspection and supervisory control, then there would, with so large a number of employees, and with so varied a line of duties, be a necessity for a control and dictation of men.

For in the last analysis of banking, say what you will, there remains a demand and an imperative requirement of pure honesty in men. All the safeguards that may be thrown around the business cannot prevent defalcations now. And if the government were to stand sponsor for a banking system that ramified over the entire country it would have to appoint agents through its official power which would not only encumber the government but would deny to the bank branches that flexibility and power of initiative and judgment which is necessary to successful and efficient banking.

Not only would this be an effect, but there would always be trouble about the governmental ideas resultant on a change of politics and policies. The great parent institution covering an area wherein there is a diversity of interests must make laws for the guidance of the branches which will not be after the needs and interests of the sections, and it will not have the power of response at the head banking office that is needful. Moreover, there might be oppression of sections by the central bank.

Interest Rate and Its Influence.

Just what power over the prosperity and industries of a section might be ex-

ercised by means of the great central bank it is hard, unless its form were declared, to estimate. But in so large a territory as that covered by the United States money ought to be worth what it will bring. And if it was in the purpose of a governmentally endorsed bank to make the rate uniform over the country, it could not be to the best interests of the producing and growing sections. For it is the very flexibility of rate that makes for the growth of the section. If money is free to flow where it will in response to demand, it is also a fact that demand will draw money out of its hiding, and men will be able to do that which they wish to do, and thus not only make for themselves but do something that will be for the benefit of the whole country.

The question of the flow of gold and of the proper reserve for banks is not a question that can be settled by the interest rate. There are other underlying causes that make for the stability and momentum of trade that cannot be thus reached, and the intimate response of credit to these make it impossible that the flow of gold to a section or to a country can depend more than temporarily upon the bank rate. In England, the answer to the question of the Monetary Commission as to the power of the bank to induce a flow of gold by an advance of rate is largely a question, if properly analyzed, of domestic demand and also of balance of trade and of money or bond speculative influence, rather than an arbitrary result of the increase. Indeed, it would be distinctly opposed to the development of the vast sections of our country now sparsely settled if there could come in a year a banking change that would bring a uniform rate.

Unity and System Through Adversity.

Looking ahead at the outcome of our present banking system of independent integers, we are guided and reinforced in our judgment that there is inherent strength in the system as now constituted to fulfill the wants of the people by the growth and development witnessed in the past. The capital stock and the assets of the banking institutions of the nation have very materially increased. Just how much in proportion to the business increase is not known. But it is and must be known that there cannot in so diverse a country be a gradual development that will immediately respond to need of each locality.

But the banks have increased very greatly in number in the last fifteen years as statistics will show, and they have kept pace with the march of population and the trend of material development. Branches might, it is true, get into the new section early and bring sustenance of the old to the new. But they would not have that indigenous character and that wholesome stability that belong to the independent bank that springs into being in response to demand and stays to grow and minister to the immediate locality. A branch has only such power as is permitted by an alien power. A local bank grows by what it feeds on and becomes its own maker and stay.

It is because of this diversity that there may be unity. For it is the diverse parts that unite to make one complete and welded whole. It is reasonable to believe that the present system therefore has in it enough expansive force to meet every need and preserve the best interests of the people, if only the laws will give it a chance to respond to the natural demand and the natural force that control.

PRACTICAL BANKING CONTRIBUTIONS WANTED

HELPFUL articles relating to the everyday work of banks savings banks and trust companies are desired for publication in The Bankers Magazine.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

TRUST COMPANY BANQUET

AN event that promises to be of unusual importance and interest to trust company men throughout the country is the banquet to be held at the Waldorf-Astoria Hotel in New York on the evening of May 5, 1911. The affair is being arranged under the auspices of the executive committee of the Trust Company Section, American Bankers' Association, the plan having been discussed and approved at the convention of the Association in Los Angeles last Fall. The invitations, extended to members and guests, state the object to be "For the purpose of giving an opportunity for the expression of the wide-felt interest in and appreciation of the value and usefulness of trust companies throughout the United States, and for the purpose of hearing valuable addresses upon important and timely subjects."

The event is so timed that the members of the executive committee may go direct from their meeting, to be held at Nashville, Tenn., reaching New York on the morning of the day of the banquet. It is stated that acceptances are already coming in rapidly, and that a large attendance is assured.

It is not difficult to foresee beneficial results from this gathering of representative trust company men. Aside from the opportunity for acquaintance and social intercourse, which in themselves are of value, the meeting cannot but contribute to a better understanding of questions of vital interest to trust companies and to the country itself—questions which are already pressing for settlement, and whose proper solution calls for study and intelligent discussion. The gathering must also point out and emphasize the growing importance of the trust company.

The principal speaker of the evening is to be Senator Nelson W. Aldrich, who is expected to explain the part that trust companies would take under his proposed scheme for monetary reform. The currency question will naturally be prominent, but much interest will attach also to what Mr. Aldrich has to say regarding the nationalization of trust companies.

The committee of arrangements consists of the following well-known trust company officials: Otto T. Bannard, president New York Trust Company, New York; Howard Bayne, vice-president Columbia Trust Company, New York; Chas. J. Bell, president American Security & Trust Company, Washington; Ralph W. Cutler, president Hartford Trust Company, Hartford Conn.; E. Elmer Foye, vice-president Old Colony Trust Company, Boston; A. J. Hemphill, president Guaranty Trust Company, New York; A. A. Jackson, vice-president Girard Trust Company, Philadelphia; C. H. Kelsey, president Title Guarantee & Trust Company, New York; A. W. Krech, president Equitable Trust Company, New York; Edwin S. Marston, president Farmers' Loan & Trust Company, New York; E. G. Merrill, president Union Trust Company, New York; U. H. McCarter, president Fidelity Trust Company, Newark, N. J.; John W. Platten, president United States Mortgage & Trust Company, New York; A. H. S. Post, president Mercantile Trust & Deposit Company, Baltimore; Wm. C. Poillon, president Mercantile Trust Company, New York; Benjamin Strong, Jr., vice-president Bankers' Trust Company, New York; Roland L. Taylor, president Philadelphia Trust, Safe Deposit & Insurance Company, Philadelphia; O. C. Fuller, president Wisconsin Trust Company, Milwaukee, and president Trust Company Section; Lawrence L. Gillespie, vice-president Equitable Trust Company, New York, and vice-president Trust Company Section; F. H. Fries, president Wachovia Loan &

Trust Company, Winston-Salem, N. C., and chairman executive committee Trust Company Section; Philip S. Babcock, secretary Trust Company Section, New York.

SEVENTY-FIVE YEARS

ON March 17, 1911, the Girard Trust Company of Philadelphia celebrated its seventy-fifth birthday,—its corporate existence having begun on March 17, 1836, under the name of the Girard Life Insurance, Annuity and Trust Company. It was the fourth trust company, in order of time, established in the United States.

Throughout its life the company has been very prosperous, and is said to have paid a dividend every year. Its dividends are now at the rate of thirty-four per centum per annum, and its stock is quoted at over 900. Its capital is $2,500,000, its surplus and profits over $9,500,000, its deposits about $34,000,000. Its trust funds total over $100,000,000; and the amount represented by its corporate trusts exceeds $1,000,000,000. In 1908 the company charged off its books the entire cost of its new building,—about $1,500,000.

TRUSTEE UNDER BOND ISSUES

THE liability undertaken by a trust company in signing a certificate as trustee under a bond issue is a question of renewed interest since a recent decision in Ohio which practically holds the trustee liable as a guarantor. In December last the Circuit Court of Hamilton County, Ohio, in the case of Charles I. Dreifus vs. the Union Savings Bank and Trust Company of Cincinnati, reversed a previous decree, and held that the trustee was liable when the mortgagor proved to be not the owner of the property which the mortgage purported to cover. The form of certificate used by the Union Savings Bank and Trust Company was one of the common forms, viz.: "It is hereby certified that this bond is one of the series of bonds described in the mortgage or deed of trust within mentioned." The case will be tried out in the higher courts, and the result will be watched with decided interest.

It will be remembered that this question has been discussed a number of times at meetings of the Trust Company Section, and has been referred to frequently in these columns. The present case is another indication that the subject calls for even more careful discussion, and that trust companies cannot proceed with too great care in the acceptance of trusts of this nature. If the courts should finally decide this test case against the trustee, the results may be far reaching. It is certain that the fees now charged for such trusteeships are wholly inadequate to compensate the trustee for more than liability for ordinary care, and if further liability is assumed, it must affect the matter of fees vitally.

REGISTRATION OF COMMERCIAL PAPER

A DECIDED step of progress is marked by the action of The International Paper Company in arranging that all of its commercial paper—including that on which its name appears as endorser as well as its own notes—shall (on and after February 1, 1911) be registered by the Bankers' Trust Company of New York, and shall not be valid without such registration.

The announcement of the plan was in the following language:

"The International Paper Company purposes in future to do such financing as may be necessary for itself and its subsidiary companies through the issue of its direct paper rather than through the paper of its subsidiary companies. The company has effected an arrangement for the registration of its obligations in respect to both classes of such paper, and for the purpose of such registration it has appointed the Bankers' Trust Company, New York City, registrar. The International Paper Company hereby gives notice that all paper issued on and after February 1, 1911, bearing its signature either as

maker, endorser or acceptor, will not be complete and binding on the company unless such obligation has been registered by the Bankers' Trust Company, registrar, and such registry noted thereon. Such obligations respectively will bear the following notations:

"This note is not valid nor is its issue complete unless registered by the Bankers' Trust Company, registrar, and such registry noted thereon."

"Endorsement by the International Paper Company not complete unless registered by the Bankers' Trust Company, registrar, and such registry noted thereon."

"Acceptance by the International Paper Company not complete unless registered by the Bankers' Trust Company, registrar, and such registry noted thereon."

"This method of registration will permit any bank, banker or trust company to ascertain at any time upon application in writing to the Bankers' Trust Company, registrar, New York City, the amount of liabilities of the company, as evidenced by the registrar's record. The Bankers' Trust Company will furnish, upon request, specimen signatures of its officers authorized to sign in its behalf as registrar. The International Paper Company will be pleased to furnish, upon request, any further information regarding the above plan of registration."

The plan is operated on the same general principle as that of the registering of stock certificates. All paper is sent to the Bankers' Trust Company for registration before it is valid. At intervals of not over half a month, the treasurer of the International Paper Company is to present to the Bankers' Trust Company the paid notes or acceptances, and the latter will make record thereof, thus being able to keep track of the paper outstanding.

If similar plans are adopted by other corporations and firms which put out considerable quantities of commercial paper, as seems probable, results of wide importance must follow. It will be a decided triumph for the cause of publicity in corporate affairs, and an additional safeguard for the business and banking world. The paper of the International Paper Company and of others which may adopt the policy will of necessity be in demand in preference to that of others, since the purchasers or discounters will know to a certainty how much of such paper is outstanding, and may make their investments with full and definite knowledge of what net assets are available for their security. The time will come when men will wonder that the country progressed so long and so well without such a system as this. The present demand for it has already been shown in the efforts for the establishment of central credit bureaus, and notably by the plans of the Comptroller of the Currency for better credit information in his department. Our present method of handling commercial paper is, to put it mildly, extremely crude.

The plan gives an outlook of increased usefulness and profit for the trust company, which will naturally be selected as registrar for such paper.

NOT YET PERFECT

THE State of New York is justly regarded as a leader in the matters of banking law and banking supervision. Its statutes include provisions for the supervision, regulation and examination of banks and trust companies which were devised with great care by men familiar with the legal and financial questions involved, and they may safely be ranked as among the very best in the country. Moreover, these laws have for several years been administered by a State banking department which is easily the peer of any in the country in the ability and earnestness of its officers.

Notwithstanding all this, the investigation of the Carnegie Trust Company failure is revealing some financial practices which, bad as they were, it proved possible to follow for a time in spite of the law and the supervision under which the company operated.

The incident serves to show that we are yet far from perfection in our supervision of banking institutions, and to give warning of the need of constant vigilance in the matter.

SMALLER BONDS

AGITATION is in evidence in some quarters for the issuance of bonds in smaller denominations, so that they may be purchased by the small investors. Instead of issuing bonds in denominations of $1,000 or $500, it is proposed that they be issued for $100. There have been some municipal issues in this amount, and it is reported that some of the railroads have given the matter consideration.

Small investors are becoming more numerous, and will doubtless demand more attention. Many of them would doubtless welcome the advent of smaller bonds, not simply because they could invest less than $1,000 at a time, but because they could equalize their risks by putting $1,000 into bonds of two or three corporations rather than into the bonds of one. Some bond houses and the bond departments of some banks and trust companies are meeting the wants of small investors by the sale of bonds "on the installment plan."

The issue of bonds in denominations of $100 would increase the expense of the issue somewhat, as it would add to the work of examining the bonds and attaching the certificate of the registrar, and also to the number of book entries required.

THE CUSTOMS CHECK LAW

ON February 25 the Senate passed a bill permitting the use of certified checks in payment of duties on imports and internal taxes. Checks of national and State banks and trust companies are made available for the purpose. During the course of the bill through the Senate and House it was amended so as to exclude trust company checks; but it was finally made to include them. The ground of the proposed exclusion of trust companies is not reported, but was evidently—and wisely—considered insufficient. The text of the bill as passed is as follows:—

An Act to authorize the receipt of certified checks drawn on national and State Banks for duties on imports and internal taxes and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

That it shall be lawful for collectors of customs and of internal revenue to receive for duties on imports and internal taxes certified checks drawn on national and State banks and trust companies during such time and under such regulations as the Secretary of the Treasury may prescribe. No person, however, who may be indebted to the United States on account of duties on imports or internal taxes who shall have tendered a certified check or checks as provisional payment for such duties or taxes, in accordance with the terms of this Act, shall be released from the obligation to make ultimate payment thereof until such certified check so received has been duly paid; and if any such check so received is not duly paid by the bank on which it is drawn and so certifying, the United States shall, in addition to its right to exact payment from the party originally indebted therefor, have a lien for the amount of such check upon all the assets of such bank; and such amount shall be paid out of its assets in preference to any or all other claims whatsoever against said bank, except the necessary costs and expenses of administration and the reimbursement of the United States for the amount expended in the redemption of the circulating notes of such bank.

Section 2. That this Act shall be effective on and after June first, nineteen hundred and eleven.

AGAINST EXTENSION OF POSTAL SAVINGS DEPOSITORIES

AN argument that apparently carries much weight has been advanced by the *Springfield Republican* against the too rapid multiplication of postal savings depositories by Postmaster-General Hitchcock:

"The postal banks," says the *Republican*, "can strongly appeal only to the most ignorant among the thrifty and those most ignorantly fearful of regular banking institutions. No other class of savers can be attracted by a two-per-cent. rate of interest when ordinary savings banks are paying four per cent. and excellent bonds of private corporations and even of large municipalities can be bought to yield over four per cent."

PRACTICAL BANKING

WHY ACCOUNTS IN LARGE RESERVE BANKS ARE CAREFULLY ANALYZED

By E. H. Ensell, of The National City Bank of New York

IN a previous article, "Outline of Cost of an Account in a Large Reserve Bank," it was shown how the expenses and earnings could be evenly distributed and fairly applied to all the accounts in a direct, simple and comprehensive manner, that would work justice to all accounts concerned. We will now attempt to show why a more careful consideration should be given to the analysis of an account because of the growing competition in the banking business. This competition is being more keenly noticed than heretofore. There are many different ideas regarding the method of analyzing an account, some very clumsy and complex, and the one indicated or one on somewhat similar lines should be used in determining the value of an account. It would be impossible to fix any arbitrary rule based on the analysis of an account whereby to determine the policy or attitude of a bank. The idea of all analysis work is that it should serve as a guide to indicate future dealings and arrangements in some such manner as credit information is consulted before a line of credit is extended.

When an analysis shows an account to be on a losing basis, some effort must sooner or later be made to bring it to a paying condition, in justice to the other accounts that are carrying it along.

Three Apportionment Theories.

At present there are, generally speaking, three distinct theories existing with regard to the attitude held by banks toward the apportionment of earnings and expenses among the accounts. The first theory is that all the departments should be held at the indiscriminate disposal of its customers or depositors. That the various departments are brought into existence by the needs and for the accommodation of its clients and that theoretically there is to be no discrimination made between an excessive or a minimum use of the benefits derived from these different departments on the basis that all departments are factors and necessary adjuncts of the banking business.

The second theory is that the benefits of each department should be compensated for in each specific instance. This represents an ideal condition, where every expense and earning could be actually traced and fairly apportioned. That the departments of a large banking institution represent an actual expense that is directly applicable to those accounts that avail themselves of its benefits in each instance, either directly or indirectly. This is the ideal condition.

The third theory is that some of the departments exist as a general accommodation, the value of which may not be measured in dollars, but that the cost of other departments may be directly chargeable to the accounts in the proportion as they are used. This is the reasonable middle course to pursue between the two extremes. In the third theory some departments represent an expense that may be directly traceable and existing only for the excessive benefit of one class of depositors over another.

The first theory worked fairly well at one time and still does in very small banks where there is no wide margin of variation between the most active and the most inactive accounts. The second theory is impractical and could not be realized. The third theory is the general tendency of modern banking methods. The direct and indirect

influences that are continually at work would preclude the possibility of considering an account in the light of either the first or second theory.

All the administrative and other expenses must be applied to the accounts as evenly as practical. A bank comes into existence for the purpose of aiding the community in which it is located by receiving accounts and administering the deposits. The receiving and handling of accounts is the primary reason for a bank's being. Then all incurred expenses must be passed on to the accounts which are handled, and by considering accounts in any other light would defeat the purpose for which a bank is primarily organized.

Examination of Accounts for Actual Value.

Just now there appears a considerable movement among the large commercial banks to arrive at a closer approximation of the actual value of each account for comparative purposes. Banks are making a more careful examination into the existing conditions as to whether or not the actual usable balance maintained is commensurate with the service rendered. The bank puts out the dollars left in its keeping at interest and though this interest be sometimes rather low, through the fact that one dollar of deposit supports about four or five dollars of credit, is able to make an earning considerably above expenses in most cases. However, in using some of those dollars of deposit there is a handicap, because of certain costs that are attached to them they are not as valuable as other dollars that are more nearly free of cost; it is therefore necessary to discriminate.

Some depositors take more advantage of the service than their balance warrants and appear to be in a special privileged class that works a certain injustice to the other accounts. A readjustment is necessary to put all on a more even footing.

The view previously held by some authorities was that the expense of all the departments is directly and properly chargeable to the investments. This view seems to be undergoing a change. Experience shows this reasoning to be but half the truth, because it eliminates one of the principal functions of a bank, that is, the detailed work or labor end of the problem. It is equally unreasonable to say that both fundamental operations of the banking business—the earning operation and the labor operation—may be charged entirely to either the investment function or the labor function and in fairness to both, each function should be charged with its just proportion. The more progressive bankers are now reconstructing their analysis of accounts on this basis.

Determination Expenses.

In the banking business, as in most other lines of business, there are influences for earning and influences for expense that are vague and may not be definitely determined, but when it is shown a definite cost is attached to an account this cost should be charged to the account for which the expense was incurred.

The departments in a large reserve bank that do not handle items to any degree are the loan, discount, bond, foreign exchange and security departments. The credit department, auditors' and some other departments also do not handle items to a great extent. But there are some very large and expensive departments that do nothing else but handle items.

The expenses of these departments are a large proportion of the total operating expenses. They include usually the check and bookkeepers' departments, the transit department, city collection and revenue departments and the mail and receiving tellers' departments. And when it is considered that for some accounts from one to 100,000 separate pieces or items are handled each month, both in and out of the account, it would seem that the time had arrived to include in the analysis of an account the number of items handled. The large, modern corporations are principally responsible for the great increase in the number of items that have to be han-

dled by a bank, and these cororations usually keep balances in a fair proportion to the service rendered, but banks are no longer satisfied to guess at the value of this service and are now including this cost in the analysis.

Past experience has proven the necessity of certain work, including certain factors, in attempting to approximate the value of an account, and now that the old scheme is inadequate, further discriminating factors must be introduced to meet competition. When the earning power is cut into, then expenses must be cut down or passed on to the accounts. The New York Clearing House some time ago settled the exchange question, which by secret rebating was used as a lever for business, and some agreement will no doubt be made whereby a unit of cost for items handled will have consideration.

In the present analysis of an account the items that are considered are the actual usable balance, the interest paid out and received and the amount of money in transit.

From the average balance is deducted the average amount of money in transit then from this result the percentage of reserve which a bank is required by law to keep in its vaults. The cost of exchange being a direct charge against the account does not appear in the analysis. Then the value of an account would be the difference between the interest earned on the actual usable balance and the interest paid to the account on the average balance maintained, less the funds in transit also averaged. To complete this analysis, however, and bring it up to date some account must be taken of the average cost of handling an item.

OVERTIME AND NIGHT WORK

By J. H. Griffith

THE business of a bank necessarily varies greatly at different times and seasons. After the rush in the early part of the month there comes a time when many of the clerks in the larger banks have little or nothing to do but "kill time." There is a great temptation at such a period for a cashier to look carefully after his pay roll and cut it down, with the result that when the busy season comes round the clerks must work until late at night to get the work completed. And even with that it is not properly done. Pass books are hurriedly balanced—deposits are entered direct from the ledger and never looked up from the deposit ticket—with the result that a deposit for John Jones is credited to John Johnson, and there is his Satanic Majesty to pay.

Bank work must not be done by a clerk in a state of feverish hurry or fatigue. Every experienced clerk knows how difficult it is to find a difference if he is excited and nervous. There is probably not a paying teller who does not know the sensation of having a cold chill run down his back over an apparent big shortage, or a bookkeeper who has not tried for hours at night to find a difference which turned up in a few minutes the next morning.

In commercial lines it is quite common to have extra help during excessively busy days—men or boys who work temporarily, possibly at a very reasonable compensation to learn the business. This arrangement could often be made in banks. It is always possible to get young men from commercial schools, or from high schools, who would be delighted with the opportunity to earn a few dollars listing checks or balancing pass books, and most of them would do the work as well as the old clerks. These understudys, if they proved their proficiency, would be right in line for permanent positions when vacancies occurred.

Many bookkeepers will say they would rather do the work themselves than correct the work of boys, but it is usually possible to find boys—not necessarily sons of officers or directors—who

will do the work carefully and accurately, especially with the possibility of a permanent position in view.

It is very much better to employ some outside help than to encourage working overtime by allowing clerks a dollar or more "supper money" every time they can delay their work until after five or six o'clock. In one of the larger New York banks the two dollars which was allowed clerks who worked until after supper time became an object of graft which netted a handsome income to the disbursing officer.

Much of the congestion of work around the first of the month might be overcome if the executive officers would be a little more thoughtful. For example: The president of a large trust company decided on the last day of December to send out a statement of the company's condition, and turned the job of directing the envelopes over to the stenographers and clerks of the bank. This work added to the abnormal rush of work around the first of the year, completely demoralized the force and the result was that everybody was mad—except the president, whose automobile called for him at the usual time; he left with the consciousness that he had done a good stroke of work for the bank in ordering the statements sent out, never thinking that the year ended with his clerks all demoralized and totally indifferent as to how their work was done.

Customers of banks are also largely to blame for the rush of work around the first of the month; many business transactions with the bank could be easily anticipated a few days without inconvenience or loss to anyone; notes that are due on the first can usually be paid or renewed a few days in advance; pass books involving a lot of checks may often be balanced just as well on the twentieth as on the first; coupons may be left a day or so in advance of the date of payment; drafts may be drawn and dated as of the first and left several days before to give the collection clerk time to enter them and get them ready for mailing—and in many other ways the rush of work may be lessened.

Overtime and night work in banks should be avoided whenever possible, if for no other reason than the bad impression which follows from a bank being lighted up late at night. A busy bank is usually a healthy bank, but the business should be confined so far as possible within reasonable hours.

CALCULATION OF INTEREST ON LOANS

By Hy. R. Wohlers, of The Guaranty Trust Company of New York

A CUSTOMER of a new bank called one day to pay a loan. He was asked to remain a moment while the interest thereon could be calculated. After waiting some time he became impatient. Then he was told that the cause of delay was the temporary misplacement of the Loan Ledger. But the eagle eye of this wise customer observed that what had been waited for was the infallible "Ready Reckoner," a book devised to aid the clerk in quickly and accurately calculating interest. While waiting for this book, two clerks figured the interest; and the customer afterward noticed the satisfied smile of one clerk when he found the result of his calculation favorably compared with the one in the book. The customer then paid his loan and left the bank, felicitating himself that the much coveted book had been found and wondering how much longer he would have had to wait if, without the book, the clerks had been compelled to figure until they agreed.

Which leads the writer to observe that there are about fifty-seven methods of calculating interest. All are undoubtedly good, for they lead to the same goal—that of extracting compensation for the use of money. But, for the benefit of those who have heretofore been dependent upon a book or who have had the laborious task of a

lengthier method, the writer submits, through the BANKERS MAGAZINE, the following method used by one of the largest banking institutions in the world: Multiply the principal by the number of days, point off three places, divide the result by the quotient of *36 divided by the interest rate.*

An easy example, which can be done orally in less time than it takes to tell, is the following, in which the principal consists mostly of ciphers and the interest rate is evenly divided into twenty-six:

What is the interest on $5,000 for thirty days at six per cent.?

$5,000
30

6)150. ($25

When, however, the principal is an odd amount, or the rate is not evenly divided into thirty-six, or consists of a fraction, the method requires written calculation.

Find the interest on $87,523.41 for one month, thirteen days at $4\frac{1}{2}$ per cent.:

$87,523.41
43 days

26257023
35009364

8)3763.50663($470.44

The above method is based upon the following:

Principal multiplied by rate divided by 360 days multiplied by number of days, or,

$$5000 \times 6/100 \times 30/360 = 25.$$

WM. H. KNIFFIN, JR., HONORED BY AMERICAN BANKERS' ASSOCIATION

ANNOUNCEMENT is made by the American Bankers' Association of the appointment of William H. Kniffin, Jr., cashier of the Home Savings Bank of Brooklyn, as secretary of the Savings Bank Section to succeed the late William Hanhart. Mr. Kniffin comes into this office with an experience and training fitting him in a peculiar manner to carry on the work of the Section with credit and efficiency. His early education was obtained in the public schools of Kingston, N. Y. He graduated in 1890 with honors, and shortly afterward entered the employ of the Rondout Savings Bank, where he remained for over sixteen years, resigning to take up

W. H. KNIFFIN, JR.

CASHIER HOME SAVINGS BANK, BROOKLYN, N. Y.; RECENTLY APPOINTED SECRETARY SAVINGS BANK SECTION, AMERICAN BANKERS' ASSOCIATION

the cashiership of the Home Savings Bank of Brooklyn, which was organized in 1906 and opened for business in May of the following year.

In both of these fields he has had exceptional opportunities for study and practical experience, with a taste for writing, the result of which has been embodied in the series of papers which have been running in the BANKERS MAGAZINE for the past three years. These studies are now being

revised for publication by the Bankers Publishing Company and will have the distinction of being the only work of the kind ever issued in this country.

Mr. Kniffin is thorough in all he undertakes, with a prodigious capacity for his work, in which he finds his greatest pleasure. He is prompt in all matters of business, with an engaging personality and a host of friends in the banking world. As secretary of New York Chapter of the American Institute of Banking he has brought the office up to a high state of usefulness and has distinguished himself as a manager of men and affairs large in scope and multitudinous in detail.

INVESTMENTS

Conducted by Franklin Escher

EXAMINATION OF AN INDUSTRIAL REPORT

By Frederic Drew Bond

I.—THE CHARACTER OF AN INDUSTRIAL REPORT

BONDS of industrial companies are not generally regarded by investors as highly as those of railways. There are, in fact, differences between a railroad and an industrial corporation which will probably always tend to make industrial bonds sell below railroad bonds of the same relative grade.

These differences arise from a fundamental difference between the two sorts of business. A railway sells service, not goods, and it sells for cash. An industrial company, on the other hand, sells goods and, usually, it not only sells them but also buys the raw materials of which they are made, not for cash but on credit. Very few new large railroads can be built in the United States in future, and, consequently, it is not so hard to tell roughly, on the basis of past experience, about what will be the falling off in a road's revenues in bad times and how such falling off will affect the earnings which must be used to pay bond interest. But with industrials this is different. No industrial concern has succeeded in establishing a real monopoly in America and it is doubtful if such would ever be permitted by law even if it were possible to effect it. Even the United States Steel Corporation controls little more than one-half the steel production of the country. The largest industrials are exposed to the ordinary business hazards of competition, oversupply and radical falls in prices, and should the tariff be reduced these risks of trade will, in many instances, be still further enhanced.

Thus, looked at in the most general sense, industrial bonds are not so good as railway bonds of the same standard in each sort of business, because industrial concerns are not so certain of the future of their business as a railroad is. Nevertheless, since because of this handicap, an industrial bond may sometimes sell very cheaply, such securities possess at times much attractiveness. The only thing to do is scrutinize with care all the available information about the plant, the business situation and the prospects of a concern in which investment is contemplated.

Studying Reports.

For such a scrutiny, recourse must necessarily be had to the annual reports published by the concern or to the statements of its condition made public at the time of its outset. Many of the corporations whose shares are listed on the New York, Philadelphia and Boston exchanges, as well as a few other concerns, publish reports of considerable fullness. In regard to smaller and unlisted companies only the fullest personal knowledge in the matter (the same as if buying into a partnership) will, generally speaking, justify an in-

vestment. Purchase of the securities of such small concerns under other circumstances, becomes a speculation, no matter how well the purchase may eventually turn out to be. The only exception to this statement is the case where an investor simply relies on the endorsement of a bank or brokerage house which has investigated the corporation.

But even in the case of the great industrials, such as the United States Steel, American Smelting, or Westinghouse Electric and Manufacturing Co., whose reports are reasonably full, difficulties arise in making an examination of the company's statements which are not present in the case of a railway report.

For one thing, even the fullest industrial reports are not full enough for complete analysis, though, of course, at times, this situation is brought about in part from the necessity of not disclosing certain trade plans. Then, no one year's report gives any real idea of the changes which may be expected in a trade. An examination of many years' reports and of attendant business conditions is called for in a sense that would be superfluous in connection with a railroad. Again, the possibilities of bad debts and of accumulated unsold stock are not always easy for an outsider to weigh. Finally, the details of a report relating to sales on credit and their relation to the earnings of the concern are harder to understand than are the simpler cash transactions (as far as selling transportation is concerned) of a railroad.

There are, however, some general facts which can be gleaned without much difficulty from an industrial report. One is the general state of the concern itself, physically and financially. Facts relating to these matters have regard to the safety of the principal of such bonds as the company may issue. Another important point is the nature of the trade and the consequent variations in the earnings. The chief data for the first point are the property statement and the balance sheet; for the second, the history of the company and its earnings in the past. Each of these two points will be taken up in turn.

II.—THE BALANCE SHEET

When a small industrial company applies to a bank for a loan it is customary, if the application be a new one, to submit a statement of the firm's condition at the time, in the form of a balance sheet. Similarly, it is to the balance sheet of a large corporation that the prospective investor must chiefly turn, to judge as to the advisability of buying its securities.

The fact that an industrial company buys and sells goods on credit makes an examination of the balance sheet even more vital than in the case of a railway. Are its bill receivable and its accounts receivable good? Is the inventory of its stock of goods on hand one which could be relied on in the event of a forced sale? What relation, finally, does the sum of its assets bear to the sum of its liabilities, and, in particular, what relation does the sum of the quick assets bear to the sum of the quick liabilities?

Receivables.

Bills receivable are not nearly so common a form of settling accounts as they once were in most businesses, it being now much more common to carry open accounts instead. Yet a large concern will probably report many bills receivable and it is important to know something of the standing of their makers. The same is even more true of the probably larger item of accounts receivable. How is it possible to evaluate these items without "inside information" which in the case of trouble will certainly not be forthcoming? About the only thing that can be done is to compare the sum of the bills and accounts receivable with the aggregate sales for the year. The investor may obtain some information generally about the usual customs in the trade in which he is examining the corporation, and if he finds that, at the season at which

the balance sheet has been compiled, accounts should be pretty much cleaned up, a very large percentage of them outstanding against the year's sales should induce suspicion as to the validity of the accounts. A statement here, if it can be obtained, as to what accounts are past-due or what extended will throw much light on the matter. Again, are any of the bills receivable in the name of branches of the corporation? Much juggling has been done in connection with this matter. Instance have been quoted where bills receivable in the name of the branch were drawn by its manager in favor of the home office for its bookkeeping debts, endorsed by the home office and discounted at the bank. In this way an excellent exhibit of cash was made, while the bills receivable themselves were not included on the opposite side of the sheet, as liabilities, because they were not "direct" obligations of the firm.

Merchandise on Hand.

The matter of goods on hand is another very important matter in connection with an industrial report. Some sorts of goods, such as groceries and hardware, can be sold under the hammer at nearly their cost value. Others, such as shoes and clothing, bring considerably less, but still, usually, more than half of the cost price to the firm. On the other hand, the vast mass of goods which are not necessities of life can be sold for but a small percentage of their value. An excellent example of this at the present time is offered by the extremely low prices at which for the last year and a half it has been possible to obtain editions of standard books. A boom in this trade in 1906 to 1908 left a mass of goods on hand for which nothing like the price at which they were offered could be obtained when the sales became forced. One of the most important things, then, for the investor to do, is to weigh carefully the nature of the business he is examining and the sort of business risks to which its character makes it exposed in bad years.

The examination of the separate items in the balance sheet having been completed it remains to compare their sums on both sides in order to judge as to the solvency of the company if its affairs were suddenly wound up. If the figures submitted by the concern are judged correct, this, of course, is already done by the corporation itself in summing up the two sides of the balance sheet. If, however, the investor does not trust these figures or has found them to be more or less dubious, it becomes his place to substitute his own evaluation and then see what the totals look like. This done he has his basis for a judgment on the solvency of the concern.

III.—THE INCOME STATEMENT

The income account of a concern is the statement of all its receipts and disbursements during the year. In the case of a railway such an account would include interest received and paid on its own and other securities, sales of stock and bonds, etc. But it would also include a simple item equal to the net operating earnings of the company. Or, in other words, the table of gross earnings of a railway with the proper deductions for maintenance and other operating expenses can be made a simple part of the income account. This is because a railroad sells its service for cash.

In the case of an industrial concern this simplicity is impossible. Purchases and sales during the year may show a large profit and against this profit, dividends may be rightly declared. Yet neither the indebtedness of the company for the goods nor its credit for their sale have been realized on and can be stated as income and outgo. Thus, it is absolutely necessary with an industrial report to keep the balance sheet before one and to compare the inventory of goods on hand, their valuation, the accounts and bills, receivable and payable, with the statement of earnings from sales. It is quite possible, and here is where the chief difficulty lies, that a concern may show a correct book profit from sales from which large dividends might be paid, although from the depreciation of its goods, due, let us say, to a general business depression, and from the amount of its bad debts, the concern may, at the very time when paying such dividends, be in an insolvent state. If we put intentional fraud out of the question, it is next to impossible for a road to pay large dividends and for the company to be in a critical condition financially at the same time. The dullest sort of railroad finance committee knows that if its quick assets are falling behind its quick liabilities every available cent from net earnings must be used to take care of current debts. But with an industrial concern, the real difficulty is that the managers themselves may be unaware of the gulf over which they are walking. Optimism and hope may make them close their eyes to the extent of the bad debts as well as to the imminency of a business convulsion which may tie them up with unsalable goods or may leave them without the power to convert fixed into quick assets to meet some pressing liabilities. No American corporation has enjoyed a higher reputation for business integrity than the Westinghouse Electric & Manufacturing Company; yet on October 23, 1907, at the height of the financial panic, this company's floating debt, against which it could raise only insufficient quick assets, forced it to seek the protection of the courts, although the quarterly dividend of two and a half per cent. (ten per cent. yearly) was paid on the preferred stock but two weeks previously.

EARNINGS AND WORKING CAPITAL.

In examining a table of earnings in connection with the balance sheet, the amount of the gross sales should be compared with the actual working capital. This will show how many times the capital has been turned over in the year and by comparison with other concerns in the same trade some idea may be obtained as to whether the sales department is efficiently conducted. As a general rule where a company's annual sales are not five or six times its working capital the matter should be carefully looked into. Of course, in the case of concerns like the U. S. Steel Corporation, whose nominal capitalizations bears no true relation to its real assets, it is necessary to determine what the real resources are, by summing up the items of actual value in the balance sheet.

It is not meant to be implied from the foregoing remarks that an investor cannot reach an intelligent judgment as to whether or not to invest in an industrial and must, perforce, rely on the common reputation of its managers or on the say-so of a banking institution. He can arrive at an intelligent judgment; only, whereas in the case of a railroad whose finances and earnings are properly reported (and the Interstate Commerce Commission has settled this matter once for all in the case of the very few great roads whose reports up to a few years ago were still misleading)—the investor's judgment can almost always be rightly formed from the road's reports, unless it be an entirely new concern. With an industrial, however, he is necessarily obliged to glean many of his facts from other sources. Where such other sources do not exist or where they are closed to his inquiry, the wise thing to do is to direct his funds into other and more open channels.

WESTERN MARYLAND AND ITS POSSIBILITIES

A STUDY OF THE PROPERTY WHICH IS TO GIVE THE NEW YORK CENTRAL SYSTEM A NEW OUTLET ON THE ATLANTIC SEABOARD

By Robert S. Dana, of Alfred Mestre & Co.

THE operations of the Western Maryland for the first fifty years of its existence were confined to a local territory in Maryland and the southeastern part of Pennsylvania. The city of Baltimore had extended financial aid to the company during its construction stage, and thereby came into practical control of the company. During this period the company operated a maximum of 253 miles of road, extending from Baltimore to Cherry Run, in West Virginia, a distance of 107 miles; a line of road extending from Emory Grove, Md., through the southeastern part of Pennsylvania, rejoining the main line at Highfield, a distance of seventy-four miles; and lines extending northward from Hagerstown, Md., to Shippensburg, Pa., Porters to York, Pa., which, with branches, made seventy-two miles additional.

UNDER "GOULD" CONTROL.

For a long time it had been the ambition of the "Gould Interests" to control a great railway system which

should extend from ocean to ocean. After much difficulty, entrance into Pittsburgh was secured for the "Gould" lines, and the Western Maryland together with certain other properties was secured to furnish an outlet for the system to the Atlantic seaboard.

The new owners found the property in poor shape. It was out of date physically, its equipment was antiquated, and its business was small. An extension, approximately sixty miles in length, was built at great expense to connect the western terminus of the road at Cherry Run with the eastern end of the West Virginia Central & Pittsburgh at Cumberland, Maryland.

The last named road was one of those secured by the syndicate which took over the Western Maryland. The road was a new one, well built, and it tapped an undeveloped country of virgin forests, and immense soft coal deposits. An extension approximating ninety miles in length was planned from Cumberland to Pittsburgh, which would be the final link on the east, as was the Western Pacific on the west, in the great system of "Gould Roads" extending from the Atlantic to the Pacific.

The new management expended large sums of money in an endeavor to bring the property to a modern state of efficiency. The antiquated rolling stock was replaced with new equipment of the latest type; grades were reduced; curves removed; the old sixty-pound rail largely replaced with ninety-pound; the greater part of the road rock-ballasted; and the terminals at Baltimore enlarged and improved. In 1905, the roads forming the component parts of the system's main line were merged with the parent company, in order to insure greater economy in management. Subsequently other lines were acquired, and the property as now operated consists of 543 miles of road, extending from Baltimore westward to Durbin and Belington, in the heart of the bituminous coal fields of West Virginia, with extensions to several important cities and towns in southeastern Pennsylvania. Of this amount, 390 miles are owned, and the balance, 153 miles, are leased.

Receivership.

The 1907 panic found the company with an unwieldy floating debt, which it was unable to finance through the sale of bonds. Receivership followed, and after a drastic reorganization which involved among other things, an assessment of forty dollars a share on the stock, a new concern, called the Western Maryland Railway Company, was formed, and on December 31, 1909, took over the property and assets of its predecessor.

Western Maryland's Coal Traffic.

An asset of great value to the company, not heretofore mentioned, is the ownership and control of about 135,000 acres of coal lands, most of which are located along its lines. These lands, although only partially developed, contain twenty-three mining plants with all equipment and 823 coke ovens, besides stores, dwelling houses and other buildings.

Western Maryland's principal tonnage is, and probably always will be, soft coal. This product consumes about sixty-two per cent. of the total freight hauled, and anything that will assist in

the development of traffic in this commodity will greatly inure to the benefit of the property. A contract recently entered into between the Bethlehem Steel Company and the Davis Coal & Coke Company, the latter being the sales agent of the coal properties controlled, will materially increase the railway's tonnage. This contract runs for twenty years, and calls for a minimum annual delivery of 750,000 tons of coal, and a maximum annual delivery of 2,000,000 tons. It is estimated that the annual revenue accruing to the company for hauling this coal will amount to $1,250,000, while the profit from the coal itself should net the company about $250,000 additional each year. Deliveries under this contract will commence in May, 1912.

Contract With New York Central System.

Another matter of great potential value to the road was the signing of a ninety-nine-year traffic contract in January, 1910, with the Pittsburgh & Lake Erie Railroad, which is an important link in the New York Central System. By means of this, Baltimore is to become the middle-eastern terminal at tidewater of the western extensions of the New York Central Lines. In order to effect a connection, the Western Maryland is building an extension of eighty-six miles from Cumberland, Md., to Connellsville, Pa., where it will meet the Pittsburgh & Lake Erie. The financing of this new project was accomplished by the sale of $25,000,000 unissued common stock of the Western Maryland at fifty dollars per share. Construction is now well under way, and is expected to be finished by the close of 1911. Thus without adding a dollar to its fixed charges, Western Maryland will secure an outlet for its coal at Pittsburgh and the Great Lakes, in exchange for a large volume of traffic from the middle West, to be transported to tidewater at Baltimore. Officials estimate that the traffic to be derived from this new connection will double the company's gross earnings.

Increase in Earnings.

The first report of the new company for the period covering the six months ending June 30, 1910, is very gratifying. Gross earnings increased 27.5 per cent. and total net revenues increased 58.9 per cent.; while the gross corporate income, including income from other sources, after the deduction of taxes increased 43.4 per cent.

Dividends amounting to $200,000

Earnings Statement.

Six months ending June 30.	1910	1909	Increase
Gross operating revenue	$3,644,068	$2,858,430	$785,638
Operating expenses	2,026,028	1,837,961	188,067
Net operating revenue	$1,618,040	$1,020,469	$597,571
Outside operations (credit)	3,201	102	3,099
Total net revenue	$1,621,241	$1,020,571	$600,670
Taxes accrued	111,000	99,000	12,000
Operating income	$1,510,241	$921,571	$588,670
Other income	296,694	256,507	40,187
Gross corporate income	$1,806,935	$1,178,078	$628,857
Interest, rentals, etc.	1,138,937	1,236,053	Dec. 97,116
Balance for dividends	$667,998	Def. $57,975	$725,973

CAPITALIZATION.

June 30, 1910.	Authorized.	Outstanding.
Common stock	$50,000,000	$49,429,230
Preferred stock	10,000,000	10,000,000
Total stock	$60,000,000	$59,429,230
Bonds—		
Western Maryland R. R......1st 4's due 1952	$50,000,000	$42,518,000
Potomac Valley R. R.........1st 5's due 1941	2,000,000	1,300,000
West Va. Cent. & Pitts. Ry...1st 6's due 1911	3,600,000	3,250,000
Piedmont & Cumb. Ry........1st 5's due 1911	650,000	650,000
Coal & Iron Ry...............1st 5's due 1920	1,000,000	1,000,000
Total bonded debt	$57,250,000	$48,718,000

were paid upon the preferred stock, leaving a profit and loss surplus of $467,998.

In addition to the above, there are Car Trusts outstanding amounting to $432,000 and bonds of leased lines to the amount of $1,659,300. The total bonded debt per mile of road, including leased lines' bonds, is $92,776. When the new extension is completed and in operation, the bonded debt will be reduced to $80,000 per mile. For the six months ending June 30, 1910, the per mile earnings were, gross $6,711 and total net income after deducting taxes, $3,328. Fixed charges including rentals required $2,097, leaving a balance for dividends of $1,231 per mile of road operated. Fixed charges therefore consumed sixty-three per cent. of net income, leaving a margin of thirty-seven per cent., which is ample, especially when the exceptionally favorable prospects of the property are considered.

The first mortgage 4 per cent. bonds may therefore be considered as a safe and attractive investment, with the chances all in favor of a gradual advance in price.

The preferred stock is 4 per cent. non-cumulative, convertible into common stock at par but redeemable at par. It pays dividends at the rate of 4 per cent. per annum in equal quarterly instalments, and those dividends now seem to be reasonably assured. At the same time, however, as the stock has but recently entered the ranks of dividend payers, it cannot yet be considered as a conservative investment.

The common stock is still a speculation, but very attractive. It must be remembered that this stock represents an average cash investment of practically forty-five dollars per share, and at present prices is selling for very little more than the actual amount of cash paid in. With its lines extended to Pittsburgh, the richest freight center in the world, Western Maryland will be assured of a large and steadily growing volume of traffic from that city, and will be given a new market for its principal product, soft coal. But when in addition it is realized that, in connection with the Pittsburgh & Lake Erie, it will have a line from Ashtabula, Ohio, to tidewater at Baltimore, forty miles shorter than by way of Buffalo to New York, it will be seen that Western Maryland must benefit enormously; for not

only will the New York Central System with its network of lines in the middle West, be enabled to compete more successfully with the Pennsylvania and the Baltimore & Ohio, but also to divert a portion of its natural traffic, thereby relieving the main lines, to a certain extent, of congestion. In view of the above facts, it seems altogether probable that the common stock will be earning substantial dividends within a few years, and it should in consequence gradually advance to much higher levels in anticipation of these future benefits.

The following is a statement showing the earnings from railroad operations for the first six months of the current fiscal year, compared with those of the same period the previous year.

This shows a net increase of $73,885,

1910	Gross	Exp. & Taxes	Net
July	$635,116	$386,703	$248,413
August	702,582	422,604	279,978
September	665,658	419,017	246,641
October	651,866	430,129	221,737
November	567,451	383,295	184,156
December	553,417	404,162	149,254
June 30—December 31	$3,776,090	$2,445,910	$1,330,179

1909	Gross	Exp. & Taxes	Net
July	$545,057	$341,219	$203,838
August	577,597	352,614	224,983
September	610,392	377,857	232,531
October	607,697	386,619	221,078
November	569,809	356,825	212,984
December	527,236	366,358	160,877
June 30—December 31	$3,437,788	$2,181,492	$1,256,294

or practically six per cent., which compares with a net decrease for the same period of $1,797,346, or about twelve per cent., reported by the Baltimore & Ohio, the Western Maryland's nearest and strongest competitor.

THE NEW YORK STOCK EXCHANGE

A FAIR VIEW OF A GREAT INSTITUTION ESTABLISHED TO FACILITATE THE FLOW OF CAPITAL INTO BIG BUSINESS

IN an article on "The New York Stock Exchange," appearing in a recent issue of Harper's Weekly, John Terret, who writes almost exclusively for INVESTMENTS, brings out several points which every investor ought clearly to understand.

Beginning with a description of how the market for stocks—like all other markets—was originally established for the purpose of bringing buyer and seller together, Mr. Terret, in plain language, thus describes the abuses which have sprung up:

The sight of the man who ought to be about his business, hanging over the ticker and feverishly watching the slipping away of his five-point margin, has little in it that suggests the bringing together of buyer and seller, but it is not for the purpose of facilitating this kind of thing that the Stock Exchange exists. True, the facilities of that institution are being constantly requisitioned to foster the most reckless gambling operations, but all that is a by-product, a parasitical growth on a great and necessary and legitimate institution. That an enormous amount of buying and selling of stocks goes on which cannot even be called speculation, but is gambling pure and simple, is, unfortunately, only too true. That, however, is not the fault of the Stock Exchange, but of individuals who choose to pervert its facilities. Our modern system of civilization calls for the existence of a market in which securities can be bought and sold quickly and in large quantity. If an individual or a number of individuals choose to use that market as a place in which to carry on speculative operations of their own, that is entirely their own lookout.

That the Stock Exchange is necessarily a private institution is fully recognized, but so is the fact that the public is entitled to a square deal in its transactions with the members of the exchange, and that upon these members devolves a sort of public responsibility. The point is made as follows:

At the same time, the fact must not be lost sight of that, while the country needs a market in which bonds and shares can be readily bought and sold, upon those who are in charge devolves the responsibility of keeping the market a market and of pruning down as much as possible those parasitical growths which have at times threatened to bring the whole system into disrepute. On account of the way in which our financial system is arranged it is necessary that all the buying and selling be done through a limited number of agents who themselves constitute the association known as the Stock Exchange. Right and proper is it that through the members of this association the public's business should be done; but, on the other hand, right and proper is it also that the public should be assured that on the market-place things are done in such a way as to safeguard the outsider's interests. To the Stock Exchange the public intrusts its business. It is for the Stock Exchange to see that nothing is allowed to happen which will keep the public from getting a square deal. Laxness in this regard has on more than one occasion come near causing the government to take a hand in saying how the market-place is to be run. A public exchange is an institution which *per se* requires the strictest and most effective regulation.

Pointing out how business has developed and how capital in sufficient

quantity to finance big enterprises can only be obtained when offerings are concentrated at some central point, the article goes on to say:

For the Stock Exchange no apology is necessary—it fulfils important economic functions and is as much a part of our modern financial system as is the bank or the trust company. We have gone far beyond the stage when enterprise is run with private capital. A man can, perhaps, start a printing business with his own money or build a sawmill, but when it comes to big business and the great combinations by which industry to-day is marked more money is needed than any one man or any one group of men can supply. That means that in support of these enterprises the public's money must be enlisted—the thousand dollars which have been saved up by the man here and the five hundred dollars which have been put up there. Big enterprise needs this money, but no less does this money need the chance to be profitably invested.

On the much-discussed question of how important it really is to the investor that the securities he holds should have a ready market, Mr. Terret has this to say:

Now it is a fact that the man who wants to invest his money and the enterprise in which his money ought properly to be invested are frequently brought together through the efforts of investment-houses having no connection whatever with any Stock Exchange and that many securities so placed are never afterward dealt in on any Stock Exchange. That such is the case, however, and that many people are willing to invest their money that way in no wise changes the fact that there are many other people who are not willing so to invest their money and that there are many forms of legitimate enterprise which could never be so financed. Marketability of any security into which his money goes has come to be an important consideration with the average investor. It is not enough that the interest on his bond will be promptly paid. He wants to be sure that if at any time he wants his money back he can get it and at once. He wants to be sure that if at any time he desires to sell out his investment there will be some place where he can rely upon finding a ready market for it. Furthermore, if he has had any experience in such matters he knows that if he ever wants to borrow from his bank on the security he holds he will have a much better chance of arranging the loan on favorable terms if the collateral he has to offer is readily marketable than if it isn't.

It has seemed worth while to the editors of Investments to present the above extracts. Mr. Terret's article should go a long way toward establishing that better understanding between broker and client which is so necessary to the conduct of investment business on a satisfactory basis.

THE NEXT GREAT PANIC*

By Charles W. Gerstenberg, PH.B., LL.B.

IN the summer of 1908 half the business world was calculating the immense fortunes it would have made had it known the summer before what the next twelve months were to bring forth. To increase one's wealth tenfold during that year was not impossible. It is not remarkable, therefore, that great interest should be taken in the signs of the time that forecast the next great panic.

Some Happy Suggestions.

Just what the supposedly mystic signs foretelling commercial and financial disaster are, is a matter of considerable difference of opinion; but business men and students of economics are beginning to agree on one point, namely, that the signs after all are not mystic. In the past, superstition has played its part in financial as well as in political history, and there have been those who sought and saw the causes of panics in comets, the mystical combination of digits in the numbers of the year, or in other equally ridiculous happenings.

Some of the guesses supposedly based on reason are almost as ridiculous as those wholly irrational. Speaking of the depression in 1878, a great economist said: "It is curious to note the

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variety of explanations offered by commercial writers concerning the cause of the present state of trade; foreign competition, beer-drinking, over-production, trades-unionism, war, peace, want of gold, superabundance of silver, Lord Beaconsfield, Sir Stafford Northcote, their extravagant expenditure, the Government policy, the Glasgow Bank directors, Mr. Edison and the electric light, are a few of the happy and consistent suggestions continually made to explain the present disastrous collapse of industry and credit."

The "Over-Production" Theory.

Certain somewhat ponderous economists have built elaborate explanations of crises that may be dignified with the name, theories. Of these, the most important is the so-called "over-production" theory, which in effect is as follows: As production increases under the present economic organization, labor receives a smaller and smaller proportion of the total product, and hence its effective demand for goods gradually decreases. Every few years, therefore, production over-tops consuming power, the world's markets become glutted with the consumer's goods, and a crisis is needed to halt the process of production and to adjust the supply to the demand.

The intelligent business man of today will be disposed to disagree with this theory. Business men will not keep on producing great quantities of goods in the face of a declining demand. For example, at the beginning of 1910 the productive capacity of our iron and steel business was greatly increased, but when the demand fell off on account of the curtailment of railroad orders, the steel plants closed down to a fifty per cent. operating basis. A business man's first duty is to keep himself informed as to the demand for his products.

The "Cycle" Theory.

Another theory that has lately been attracting much attention is the so-called "cycle" theory. The followers of this theory maintain that industry goes through a series of recurring conditions, and that while the length of each period of the series may vary from one cycle to the other, the basic fact that industry will pass through the entire cycle in regular order remains true. Some statisticians name four periods to each cycle and some economists name more. The following may be given as an example: "State of quiescence, improvement, growing confidence, prosperity, excitement, overtrading, convulsions, pressure, stagnation, distress, ending again in quiescence."

This theory, like the "over-production" theory, is also founded on important half-truths. If this theory is true, why did not Rome have her periodic crises? In France, where the people are notably impressionable and emotional, crises are less severe, rather than more severe, than the crises in the countries peopled by stolid Englishmen and Germans. The fact is that present-day business is conducted by men who are trained to be cool, level-headed, self-controlled under all circumstances. If they give way to the crowd spirit, it is only for a short period, not for years at a time.

Comparative Study of Crises.

The cycle or psychological theory of panics is based on a somewhat superficial examination of the truth that crises have occurred in the last one hundred years at more or less regular pe-

riods. The most that should be deduced from this truth is that panics are not the results of any irregular, fitful causes. An examination of the crises that have occurred during the nineteenth century, therefore, should reveal some fundamental facts that would point to a satisfactory theory of panics. Such an examination has been very satisfactorily made by Mr. W. H. Lough, who has taken six important crises selected on account of the varying circumstances under which they occurred. The crises examined are the following:

1825—in England.
1837—in the United States.
1847—in England.
1857—in the United States.
1873—in Germany.
1893—in the United States.

It is impossible here to devote sufficient space to examine the characteristics of each, but it will be well to quote Mr. Lough's conclusion:

He says: "Let us put forward this rule tentatively as an explanation of crises. We still say that crises are caused by an abnormal lowering of the available stock of gold as compared with the volume of credit liabilities based on the gold. Here is a theory which on the surface, at least, explains previous crises."

Can Crises Be Foreseen?

The reader will ask, Does his explanation, or does any theory, furnish sufficient test for forecasting panics? Is it possible to foresee panics? The answer is yes. A great deal of attention was attracted to Mr. Lough's analysis of the situation in 1906 and the early part of 1907, and his prediction written in January, 1907, and published in March of the same year. After the crash did come, newspapers and bankers everywhere recalled his prediction: "The experience of the last one hundred years indicates that the forces now at work are driving us straight toward a crisis—and I mean by crisis not a Wall Street flurry, such as we have lately seen, which may come at any time from purely local influences, but a general temporary breakdown of industry."

What are the basic facts in the world of industry and finance to-day that form the mirror of the future?

Gold Production.

The world's production of gold has been enormous and increasing during the last ten years, but this tendency seems at last to have been checked. Nineteen hundred and ten showed no appreciable increase in gold production over 1909, and 1909 showed a relatively slight increase over 1908. There are no immediate prospects of inventions which will permit the working of lower grade ores than are now being used. We may reasonably hope that the flood of gold has been partially dammed back and that prices will be more stable during the next few years. In any case gold production is not now a factor of immediate importance.

Security and Commodity Prices.

The year 1910 opened with commodity prices higher than at any time since Bradstreet began the compilation of its index number. During the year the index number gradually decreased from 9.23 to 8.79. This was due perhaps to the abundant crops on the one hand, and to the diminished demand for iron on the other. At the beginning of the year, 1910, iron and steel manufacturers had increased their productive capacity extensively. Shortly after the opening of the year, the railroads were enjoined from raising their freight rates and they immediately curtailed their orders, so that toward the end of the year the price of iron and steel had dropped to the level of rampant competition days, a level that has been considered about equal to the cost of production. The securities market has been depressed, the average price of stocks has steadily decreased since the middle of 1909 and, with the exception of the panic period, has reached the lowest level since 1903 Bonds have fallen to an average price,

which, with the exception of the panic period, has not been seen since 1891. The volume of sales has been the lowest in a decade.

The Curtailment of Trade.

There has been an extensive curtailment of trade and industry during the past year. In the early part of 1910 and the middle of 1909, our imports exceeded our exports, an unfavorable condition that has not prevailed for over two decades. Bank clearings, which are a fairly reliable measure of the volume of business, show a slight decrease below 1909, but stand higher than the previous high record of 1906. Trade and industry, therefore, show no immediate alarming symptoms.

The Banking Situation.

After all, the essential factors to consider in sizing up the present situation are those involved in the banking conditions.

We come to the heart of the matter when we inquire, How well secured are the deposits in the banks of the United States? If every depositor is practically certain to obtain cash or the equivalent of cash whenever he wants it, then there is no reason to fear financial panic. The existing depression may continue, but the whirlwind of financial ruin that we call a panic need not be feared. There are several facts that ought to be considered in any exhaustive analysis of bank statements with a view to determining the soundness of bank deposits but the most essential of those facts, and the only one we need review here, is the percentage of cash reserves to deposits. The most important feature of American financial history during the last five years is plainly set forth in the following brief table:

Percentage of Cash to Deposits.

Year	National Banks	State Banks	Trust Cos.
1906	14.8	8.4	3.5
1907	15.8	8.3	4.9
1908	17.9	10.5	6.3
1909	15.7	9.2	8.9
1910	15.4	8.8	8.1

The important feature alluded to above is the decisive increase in the holdings of cash by the trust companies. Before 1907 the weak link in our financial chain was the helpless state of the trust companies especially in New York City. The most beneficent result of the panic of 1907 was the enactment of laws which have made impossible such criminal recklessness as was displayed by the trust companies of the country prior to 1907.

Even the most casual inspection of the table given above is enough to convince anyone that, looking over the whole banking field, our financial position to-day is reasonably strong. Certainly there is no deep-seated analogy between the present conditions and those prevailing in 1906 and the early part of 1907. And this superficial impression is borne out by a study of local bank conditions in New York and other money centers, and by a study of the other items of the bank statements.

The Future.

This article is not written as an exhaustive study of the present financial situation, but as a brief review. The review, however, is based upon and guided by information derived from careful investigation. It has brought

us face to face with the natural question, When will the next great panic arrive?

To this question only a financial quack would attempt to give a definite answer. Our knowledge of finance has not yet reached the stage where mathematical certainty is possible. We may, however, venture a somewhat indefinite, negative answer to this effect:

We see no striking, evident signs of financial weakness such as have preceded all previous crises. Continued depression we may have; stock market flurries may annoy us. But no great panic is in sight for 1911 or 1912.

SAVING, A MEANS: NOT AN END

By Louis Albert Lamb, Statistician: A. G. Edwards & Sons, New York and St. Louis

VERY possibly the general notion that saving is a cardinal virtue dates back to the same point in history which gave rise to the idea that "Faith" in itself is a mode of grace. St. James had enough of worldly wisdom to bud upon the stem of "Faith" the better strain of "Works"; and the common sense of the ages accepts as true the apostolic dictum, "Faith without works is dead."

By the same line of reasoning it is perfectly correct to say, "Saving without investing is dead."

Not even the sternest "New England conscience" can figure out any virtue in the mere act of saving. Look at it as you please, saving as an end, and not as a means, is a miserly virtue. The Prodigal Son in the parable actually wasted his substance in riotous living, but he holds a higher place in the popular esteem of all ages than the negatively good elder brother who saved his substance and spent his heart in envy, spite and bitterness.

The Rational Sequel.

Saving, apart from its rational sequel —Subsequent Use—it's more a fault than a virtue. It needs the salt of a high purpose to make it a virtue at all. The reason in this dictum is, that saving, in the abstract, is utterly selfish, hence very apt to degenerate into cruelty, cupidity and corruption of heart. Only when saving is coupled with an altruistic purpose does it blossom and effloresce in rosy tints of merit. As when a man saves to protect his wife and children; or to protect his mortgage creditor, or to pay his life insurance premium, or to buy a first mortgage gold bond when he gets $1,000 ahead.

Ah yes! Saving is bad when selfish: Good when altruistic. Get that idea and then we will proceed.

Altruistic Saving.

Now altruism has two kinds of wings; one high-flying, poetico-sentimental pinions that cleave the thin air of philanthropy. This is the kind used for exhibition purposes at the aviation-meets of social uplifters and charity workers. The other set is stout, short, practical, efficient—made for flying near the ground. This is the kind for use and not for demonstration purposes.

The altruistic saving of which I have spoken starts on the premises of utility to the saver and benefit to the community. It aims, in fine, at the creation of Capital by the accumulation of funds which would be dispersed if not held together by the centripetal force of saving.

When this idea comes up for treatment I can do no better than to quote a few paragraphs from my own little magazine, "Facts & Factors"—(copyright, 1910, A. G. Edwards & Sons, St. Louis.)

"No matter how much Money you may have in your pocket, it is not 'capital.' It is only Current Cash: likely to be spent before night. Even if you do not spend it—if you keep it safe in

your pocket forever—still it is only Money—*not* Capital.

"Capital is wealth in any reproductive use. Money that is working and growing, and helping along the affairs of the world is Capital. Anything of value and use that is earning increase in use is Capital. But idle possessions, no matter how valuable, fall outside this classification.

"Saving, therefore, though a very good and necessary preliminary is not the making of a capitalist. It is necessary to save as a starting point; but savings must be kept at work if they are to be of social or economic benefit. Saving by itself is a negative virtue. Being *good* is all right; but being *good for something* is better.

"Investing is the process of making savings useful to the individual and to the whole community. It is the process by which a hoard becomes 'Capital.' Only by investing can wealth be made reproductive. On this point you will need competent advice.

"Men who spend their lives in the business of handling funds and capital gain great sagacity in the Art of Investing. They acquire infinite wisdom about the kinds and classes of securities which are desirable for investment purposes. They know how to search out and properly weigh all the facts and factors which do or may affect values.

"When you have accumulated funds by saving it is time to consult an Investment House of the highest repute, so that your Capital may be kept intact, put to the best possible use, and earn an increment for you while assisting in the development of the Nation's resources."

The Public Side of It.

At this point "Saving" becomes a matter of keen concern to the community at large; whereas in the abstract sense it would have been of interest only to the miser in charge of the operation.

No matter how large or small the periodical deposit may be, it is a folly if *cached* in a vault or hid in a stocking; and it is a blessing if put into a banking fund where it will augment national capital.

The evil of hoarding money is two-headed. First, it reduces the actual supply of lawful money in small denominations. Second, it impairs the "ultimate" lawful money reserve and incidentally limits the volume of loans which may be made; quite regardless of the volume of sound commodity credits offered in ordinary course of trade.

Thus saving, as the synonym of hoarding, is not only a personal fault, but a public detriment; whereas saving as a method of aggregating small sums into coherent, kinetic capital is a boon of the first order.

The savings funds of the people *should* (and, under our wise banking laws, generally *do*) go into public loans for the betterment of civic conditions; for education, sanitation, cultivation, conservation; for enhanced safety, comfort, and communal efficiency. Municipal bonds represent in a multifarious and peculiar way the virtue, the vigor and the aspirations of the units and masses of our national commonwealth. They represent the faith, credit and sovereignty of the people; they stand for the craving every man feels to move ahead of the stance held by his fathers on life's teeing reen; they reflect the ambitions of individuals, cities, counties, neighborhoods for better living and higher standards of life. Such bonds are, *par excellence,* the cream of investment issues; and they are the investments in which savings-banks deposits

are most safely and most usefully employed.

The Art of Investing.

Investing funds is a trade, a profession, a science, an art. No random man in the streets takes it as a duty to pretend that he could wind an armature if he were asked to do so; but a great percentage of our people of moderate means and saved-up capital feel hurt in their organs of pride if it is intimated that they cannot wisely handle their own investment funds. Here's an instance: My estimable friend of the cloth (not the green cloth either—for my friend wore a cassock) said to me: "I have found a wonderful chance to invest some money. All the clergy are going into it; and so am I. They have found the lost lode of Calumet & Hecla!"

"My gracious!" I rejoined, "You don't say so? Does Mr. Agassiz know this?"

"Oh, no—none of the Calumet people know it. That's the opportunity. When they learn of it they will have to buy it from us. Comprenez-vous?"

"Reverend Doctor, please listen," I pleaded; "if you *will* 'invest' your money *that* way, why not hunt for a reasonable, mathematical chance of profit" ——

"As for example?"

"Well, for example, FARO or"——

"Oh, I'm aghast! FARO? Isn't that a gambling game?"——

"Certainly, Doctor; but so, too, is 'investing' money in Calumet & Hecla lodes that Mr. Agassiz hasn't heard about!"

My friend "invested" just the same; and now he is preaching over his sermons of thirty years ago, in an effort to recoup his lost fortune.

O Investment! What crimes are daily committed in thy name (via the mail-order route).

Lost lodes! Gold dredging! Fudge!

The Upshot.

What, then, is the upshot of the whole matter? Here it is in tabular form:

1. Temper your necessities to the moiety of your income.
2. Save the rest for a worthy purpose.
3. Deposit the moiety you save in a savings bank where it will help human enterprises along and earn increase for you.
4. When you have enough saved to be a circumstance in the market consult your best friend—any long-established, highly rated, well-known Investment Bond Banker. Tell him how much money you have. How much of it you are sure you can put aside for ten years. Tell him how much (or rather how little) interest you want from your investment considering its absolute safety of principal and interest. He will buy you municipal public improvement, drainage, irrigation, school, water or street bonds. Or he will buy you prime corporation issues, either their bonds or the "seasoned" dividend-paying railway stocks.

And then you may sit down in peace—or, rather, go back to your work in calm content—knowing that you have been wise in your day and generation and that your children will call you "Guv'nor" if you keep adding to your prime investments and fight shy of lost lode propositions.

THE TURNING POINT TOWARD GOVERNMENT OWNERSHIP

By W. F. Bartholomew, of Thompson, Towle & Co.

AFTER the first disappointment over the unexpected action of the Interstate Commerce Commission in refusing to allow the railroads to increase rates, it appears to be the general opinion in both railroad and financial circles that the Commission's decision was the greatest thing for the stability of the railroads that could have happened.

The decision, however, is of far greater importance than might be considered at first glance, for it probably marks the turning point toward Government ownership of railroads, inasmuch as the decision sustains the legislative right to determine what the railroads shall receive for what they sell,—transportation.

The next step should be to fix the price which the railroads shall pay for what they buy,—principally labor; that is, the railroads shall be compelled to submit railroad wage questions to the Commission to be approved, and all salaries shall be subject to the approval of some public audit; that all supplies shall be bought at public bid, and that all railroad securities shall be sold, after receiving public bids.

It is very apparent, therefore, that we are fast reaching the stage when railroad securities will receive the stamp of Government approval, which will be in reality a government guarantee, and railroad securities will then attain an investment position which they could not hope to attain under any other conditions.

Government supervision apparently is a thing to be desired, not opposed, for the experience of the past ten years has proved that corporations which have come under the supervision of State and Government have been greatly strengthened in their earning power, and their securities have attained an investment position which could have been attained in no other way.

Note what State supervision has done for the Peoples Gas Co. of Chicago,—instead of being a speculative foot-ball it is now a well established corporation on a steady earning basis and its stock a high grade investment.

Brooklyn Rapid Transit stock has become a greatly respected security of substantial earning power under the supervision of the Public Service Commission of New York.

Consider the situation of the Boston owned gas companies under control of

the Bay State Gas Co., and compare it with the well managed Mass. Gas. Co., to-day under the jurisdiction of the Mass. Gas Commission.

It is apparent, therefore, that Government supervision has a stabilitizing influence, and that with the railroads of the country under such supervision, it will result in the confidence of foreign investors in our railroad securities, and it will eventually place them upon a very high investment plane.

RAILROAD TERMINAL BONDS

SOME CONSIDERATIONS THAT SHOULD BE INFLUENTIAL WITH INVESTORS

By Louis Albert Lamb, of A. G. Edwards & Sons

PHYSICIANS say that a man is as old as his arteries—meaning that the body is vitally dependent on a perfect blood supply. In the same sense, a railway is as good as its terminals and no better. Bad arteries mean sudden death to the man; poor terminals mean creeping paralysis to a railway system. It does not matter how much money you spend to augment track capacity, there will be congestion if the terminals are inadequate to dispose promptly of freight and equipment on arrival at destination.

Forty years ago the railway terminal facilities at New York were appraised at $2,000,000,000, but they were so pitifully inadequate that it cost three times as much to dispose of a car of freight at the seaboard as it did to transport the load from Chicago to the Hudson River. To-day the New York terminals are worth many times two billion dollars, but still the cost of freight handling is greater than that of the straight haul from Lakes to Tidewater. The Pennsylvania Railroad has spent nearly $400,000,000 in Pennsylvania and New York to reduce the costly friction of traffic at and near seaboard, but the actual cash saving is sufficient right now to carry the interest on that capital outlay. As much more money might be spent without providing an excess of terminal facilities on Manhattan and Long Island.

The situation at New York is conspicuous, of course, but it is not peculiar. Wherever there is a railway there is a tremendous terminal problem demanding immediate solution. Only a few of the great Systems have the vast credit necessary to handle the problem individually.

Most of the railways are compelled to attack it in a coöperative way—as they have done in St. Louis, at Chicago, at Kansas City, at Galveston and on the Pacific Coast.

Why Terminal Bonds Are So Safe.

Wise investors will make it a practice to read with care the railway terminal prospectuses and bond offerings issued by high-class banking houses. In them may be found some of the greatest opportunities that are for large returns with vanishing elements of risk.

In the first place, any city large enough to have a railway terminal problem is large enough to warrant high realty values. The trend of population to the cities insures rapid appreciation of properties suitable for railway terminal purposes.

Hence bond issues in conservative amounts on the lien of city terminal real estate may be set down at once as absolutely secured against loss of principal.

Three Strong Points.

Point 1.—Railway terminal bonds are secured by rapidly appreciating real estate values.

Suppose you should start out to-day to duplicate the Illinois Central terminal along the Chicago Lake front. Do you think you could do it? Or if you should try to duplicate the Galves-

ton Wharf terminals, or the Southern Pacific terminals on the Gulf of Mexico, or the St. Louis Terminal Association properties—do you think you could do it—at any fair or valid price? No, you could not. Certain properties are so situated as to be naturally adapted for terminal purposes and they are preempted with keen foresight by the organizers of terminal companies. Industry and commerce crystallize about these properties as inevitably as electricity follows the best conductor. You may buy other real estate, but you cannot buy the growth of a community around an established terminal.

Point 2.—Railway terminal bonds are usually based on properties of peculiar fitness for their purpose, made more valuable by communal development, and literally impossible of duplication at any prices.

What the switch is to an electric lighting circuit the terminal system is to a railway. You may have plenty of volts and amperes available, but you must turn the switch to make the current flow through the carbon filament of your incandescent bulb. It is even so in railroading. Your railway may have eight, or eighty main tracks from Chicago to East St. Louis; but if your bill of lading reads, "St. Louis, Mo.," your tracks are useless in default of St. Louis terminal facilities. You absolutely must have, by lease, easement, interest, or ownership adequate avenues of access to the principal destination for the persons and commodities you carry over your line.

Innumerable cases might be cited in which railways in bankruptcy have punctually paid their terminal obligations even while defaulting payments on every other capital obligation and while in arrears for almost everything. Receivers know that there will be nothing to receive if the carrier fails to live up to the specific terms of all terminal contracts and the terminal obligations are met at all hazards whether anything else is paid or not. Chicago & Western Indiana Terminal Bonds are in point.

Point 3.—The holder of a railway terminal bond is protected as to his income by the total revenue earning capacity of the tenant roads. Terminal charges must be paid.

The conditions which make for safety are thus perfectly realized in properly drawn terminal mortgages and no investor need have any hesitancy in buying such bonds when further protected by the investigations and counsel of a first-class investment house.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to April 17, 1911.]

GOVERNMENT, STATE AND CITY BONDS.

Quoted by Rhoades & Company, Bankers, Dealers in Investment Securities, 45 Wall St., New York.

Name and Maturity.	Price.	Yield.
U. S. Gov., reg. 2s, 1930	101⅜-101½	1.70
U. S. Gov., reg. 3s, 1918	102 -102½	2.60
Panama Canal, reg. 2s, 1936	101⅛-101⅜	1.80
Dist. of Columbia 3-65s	105 -108	3.12
Alabama 4s, July, 1956	104 -104⅛	3.77
Colorado 4s, '22 (op. '12)	99 -100	4.00
Connecticut 3½s, Apr., '30	99 -102	3.35
Louisiana 4s, Jan., 1914	98¾- 99¼	4.10
Maryland 3½s, 1926	95 - 95½	3.90
Massachusetts 3½s, 1940	91½- 93	3.90
New York State 3s, '59	101⅛-102⅜	2.90
Tenn. New Settlement 3s, '13	96¾- 99	4.40
Va. 6s, B. B. & Co. ctfs., 1871	60 - 61	
Boston 3½s, 1929	92½- 95	3.90
New York City 4½s, 1957	107¼-107½	4.15
New York City 4½s, 1917	102⅜-102¾	4.00
New York City 4s, 1959	99½- 99¾	4.02
New York City 4s, 1955	97⅞- 98½	4.07
New York City 4¼s, 1960	102 -102¼	4.15
New York City 4¼s, 1930-1960	101¾-102	4.09
New York State Canal 4s, 1960	105¼-105⅝	
New York City 3½s, 1954	87½- 88	4.11
New York City 3½s, 1930	91½- 91⅞	4.12

GUARANTEED STOCKS.

Quoted by J. Hathaway Pope & Co.

(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	270	300
Allegheny & West'n (B. R. I. & P.)	135	145
Atlanta & Charlotte A. L. (So.R.R.)	180	...
Augusta & Savannah A. L. (Cen. of Ga.)	104	112
Beech Creek (N. Y. Central)	95	100
Boston & Lowell (B. & M.)	205	215
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	15	22
Boston & Albany (N. Y. Cen.)	218	221
Boston & Providence (Old Colony)	270	290
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	115	125
Brooklyn City R. R. (Bk. H. R. R. Co.)	165	170
Camden & Burlington Co. (Penn. R. R.)	140	150
Catawissa R. R. (Phila. & Read.)	112	120
Cayuga & Susquehanna (D.L.&W.)	215	...
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	15	25
Christopher & 10th St. R. R. Co. (M. S. R.)	75	85
Cleveland & Pittsburg (Pa. R. R.)	164	170
Cleveland & Pittsburg Betterment	93	100
Columbus & Xenia (Pa. R. R.)	200	215
Commercial Union (Com'l C. Co.)	100	110
Commercial Union of Me. (Com. C. Co.)	100	...
Concord & Montreal (B. & M.)	155	170
Concord & Portsmouth (B. & M.)	175	...
Conn. & Passumpsic (B. & L.)	130	135
Conn. River (B. & M.)	260	270
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila. & R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	95	100
East Pa. (Phila. & Reading)	135	...
Eighth Av. St. R. R. (M. S. R. Co.)	200	300
Elmira & Williamsport pfd. (Nor. Cen.)	135	140
Erie & Kalamazoo (J. S. & S.)	220	240
Erie & Pittsburg (Penn. R. R.)	135	...
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	125	135
Franklin Tel. Co. (West. Union)	40	50
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	...
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	252	262
Gold & Stock Tel. Co. (W. U.)	100	110
Grand River Valley (Mich. Cent.)	120	...
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	90	100
Illinois Cen. Leased Lines (Ill. Cen.)	95	100
Jackson, Lans. & Saginaw (M. C.)	84	90
Joliet & Chicago (Chic. & Al.)	164	172
Kalamazoo, Al. & G. Rapids (L. S. & S.)	135	...
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	65	75
K. C. St. L. & C. pfd. (Chic. & Al.)	125	140
Lake Shore Special (Mich. S. & N. Ind.)	330	360
Little Miami (Penn. R. R.)	205	215
Little Schuylkill Nav. & Coal (Phil. & R.)	115	120
Louisiana & Mo. Riv. (Chic. & Al.)	160	170
Mine Hill & Schuylkill Hav. (F. & R.)	120	126
Mobile & Birmingham pfd. 4% (So. Ry.)	68	76
Mobile & Ohio (So. Ry.)	75	85
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	173	180
Nashville & Decatur (L. & N.)	185	192
N. H. & Northampton (N. Y., N. H. & H.)	100	...
N. J. Transportation Co. (Pa.R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	107	118
N. Y. & Harlem (N. Y. Central)	300	...
N. Y. L. & Western (D. L. & W.)	120	125
Ninth Av. R.R. Co. (M. St. Ry. Co.)	150	180
North Carolina R. R. (So. Ry.)	156	164
North Pennsylvania (Phila. & R.)	196	...
North R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)	105	112
Nor. & Wor. pfd. (N.Y.,N.H.&H.)	208	...
Ogden Mln. R.R. (Cen.R.R.of N.J.)	95	105
Old Colony (N. Y., N. H. & H.)	180	...
Oswego & Syracuse (D. L. & W.)	215	225
Pacific & Atlantic Tel. (W. U.)	60	...
Peoria & Bureau Val. (C.R.I.&P.)	175	185
Philadelphia & Trenton (Pa.R.R.)	248	...
Pitts. B. & L. (P. L. E. & C. Co.)	32	35
Pitts. Ft. Wayne & Chic. (Pa.R.R.)	166	...
Pitts., Ft. Wayne & Chic. special (Pa. R. R.)	155	165
Pitts. & North Adams (B. & A.)	127	134
Pitts., McW'port & Y. (P. & L. E. M. S.)	117	125
Providence & Worcester (N. Y., N. H. & H.)	260	300
Rensselaer & Saratoga (D. & H.)	195	...
Rome, Watertown & O. (N.Y.Cen.)	120	...
Rome, Watertown & O. (N.Y.Cen.)	118	120
Saratoga & Schenectady (D. & H.)	166	175
Second Av. St. R. R. (M. S. R. Co.)	10	20
Southern Atlantic Tel. (W. U.)	80	100
Sixth Av. R. R. (Met. S. R. Co.)	115	130
Southwestern R. R. (Cent. of Ga.)	100	110
Troy & Greenbush (N. Y. Cent.)	165	...
Twenty-third St. R. R. (M. S. R.)	190	220
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	166	176
Utica, Chen. & Susq. (D. L. & W.)	144	155
United N. J. & Canal Co. (Pa.R.R.)	241	248
Valley of New York (D., L. & W.)	122	130
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (D., L. & W.)	168	175

SHORT TERM SECURITIES.

Quoted by J. Hathaway Pope & Co.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity.	Price.	Yield.
Am. Cig. 4s, "A" Mar. 15, '11.	98½- 99¼	4.92
Am. Cig. 4s, "B" Mar. 15, '12.	97⅛- 98¼	5.10
Am. Locomotive 5s, Oct., '10..	99½-100½	4.25
Bethlehem Steel 6s, Nov., '14.	100½-101	5.60
"Big Four" 5s, June, '11....	100 -100½	4.35
B. R. & P. Equip. 4½s.......	99 -100¼	...
Chic. & Alton 5s. Mar. 15, '13.	98¾- 99¼	5.25
C. H. & D. 4s, July, '13......	96½- 97½	5.05
Diamond Match 5s, July, '12.	98 -100	5.00
Hudson Co. 6s, Oct., '11......	98 -100	6.00
Interboro 6s, May, '11........	101¼-101¾	3.92
K. C. R. & L. 6s, Sept., '12..	98 - 99	6.50
Maine Central 4s, Dec., '14....	98 -100	4.25
Minn. & St. Louis 5s, Feb., '11.	98¼- 99⅛	5.58
New Orl. Term. 5s, Apr., '11..	99¼-100	3.45
N. Y. C. Equip. 5s, Nov., '10..	100 -101⅛	4.15
N. Y. C. Equip. 5s, Nov., '14..	102¼-103¼	4.15
N. Y. C. Equip. 5s, Nov., '16..	103½-104¾	4.15
N. Y. C. Equip. 5s, Nov., '19..	104¾-106½	4.15
N.Y.,N.H.&H. 5s, Jan., '11....	100 -100½	3.70
N.Y.,N.H.&H. 5s, Jan., '12....	100⅝-101	3.93
No. American 5s, May, '12...	99 -100	5.00
St. L. & S. F. 4½s, Feb., '12..	96½- 98	5.60
Southern Ry. 5s, Feb., 1913..	98 - 98¼	5.45
Tidewater 6s, June, '13......	100¾-101¼	5.35
Westinghouse 6s, Aug., '10....	99¾-100½	4.25
Wood Worsted 4½s, Mar., '11.	99½- ..	4.50
Western Tel. 5s, Feb., '12....	99 - 99½	5.20

INACTIVE RAILROAD STOCKS.

Quoted by J. Hathaway Pope & Co.

	Bid.	Asked.
Ann Arbor, pref.	65	72
Arkansas, Oklahoma & Western	4	9
Atlanta & West Point	132	...
Atlantic Coast Line of Conn.	230	250
Buffalo & Susquehanna, pref.	10	12
Central New England	10	15
Central New England, pref.	20	27
Chicago, Burlington & Quincy	200	215
Chicago, Indianapolis & Louisville	50	60
Chicago, Ind. & Louisville, pref.	60	80
Cincinnati, Hamilton & Dayton	35	50
Cincinnati, Ham. & Dayton, pref.	65	70
Cincin., N. O. & Tex. Pac.	130	140
Cincin., N. O. & Tex. Pac., pref.	102	106
Cincinnati Northern	50	60
Cleveland, Akron & Columbus	70	84
Cleve., Cin., Chic. & St. L., pref.	92	95
Delaware	42	46
Des Moines & Ft. Dodge, pref.	40	60

EQUIPMENT BONDS.

Quoted by Blake & Reeves, Dealers in Investment Securities, 34 Pine St., New York.

(Quotations are given in basis.)

	Bid.	Asked.
Atl. Coast Line 4%, Mar., '17....	4¾	4½
Buff., Roch. & Pitts. 4½%, Apr., '27	4¾	4⅜
Canadian Northern 4½%, Sept., '19	5½	5
Central of Georgia 4½%, July, '16	5	4½
Central of N. J. 4%, Apr., '13....	4⅝	4¼
Ches. & Ohio 4%, Oct., '16........	5	4½
Chic. & Alton 4%, June, '16.......	5½	5
Chic. & Alton 4½%, Nov., '18....	5½	5
Chic., R. I. & Pac. 4½%, Feb., '17	5⅝	4⅞
Den. & Rio Grande 5%, Mar., '11	5¼	4¾
Del. & Hud. 4½%, July, '22.......	4¼	4½
Erie 4%, Dec., '11................	5	5½
Erie 4%, June, '13................	5½	4½
Erie 4%, Dec., '14................	5	4½
Erie 4%, Dec., '19................	5	4½
Erie 4%, June, '16................	5	4½
N. Y. Cent. 5%, Nov., '11.........	4⅜	4¼
N. Y. Cent. 5%, Nov., '13.........	4⅜	4¼
No. West. 4%, Mar., '17..........	4¾	4⅜
Pennsylvania 4%, Nov., '14........	4½	4¼
Seaboard Air Line 5%, June, '11..	5	4⅜
So. Ry. 4½%, Series E, June, '14.	5½	4⅞

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

Quoted by S. H. P. Pell & Co., Members New York Stock Exchange, Brokers and Dealers in Investment Securities, 43 Exchange Place, New York City.

		Bid.	Asked.
Bleecker St & Ful Fy 1st 4s 1950	J&J	55	62½
Bway Surf Ry 1st 5s..1924	J&J	102½	104
Bway & 7th Av stock.....	....	120	130
Bway & 7th Av Con 5s.1943	J&J	101	103
Bway & 7th Av 2d 5s.1914	J&N	98	101
Col & 9th Av 1st 5s...1993	M&S	99	102
Christopher & 10th St.....	QJ	90	...
Dry Dk E B & Bat 5s.1932	J&D	96½	100
Dry Dock E B & Bat Ctfs 5s 1914	F&A	30	40
Lex Av & Pav Fy 5s..1922	M&S	96	100
Second Av Ry stock.......	....	7	14½
Second Av Ry Cons 5s.1948	F&A	50	56
Sixth Av Ry stock........	....	115	125
South Ferry Ry 1st 5s.1919	A&O	85	95
Union Ry 1st 5s.......1942	F&A	100	102
Westchester El Ry 5s..1943	J&J	65	75
Yonkers Ry 1st 5s.....1946	A&O	75	85
New Amst Gas Cons 5s.1927	J&J	101½	102½
Central Union Gas 5s..1927	M&S	103½	...
Equitable Gas Light 5s.1930	J&J	103½	...
N Y & E R Gas 1st 5s.1944	J&J	104	105¾
N Y & E R Gas Con 5s.1945	J&J	99	101
Northern Union Gas 5s.1927	M&N	...	...
Standard Gas Light 5s.1930	M&N	103	106
Westchester Light 5s..1950	J&D	100½	103
Brooklyn Ferry Gen 5s.1943	....	15	24
Hoboken Fy 1st mtg 5s.1946	M&N	103	107
NY & Bkn Fy 1st mt 6s.1911	J&J	90	96
NY & Hobok Fy Gen 5s.1946	J&D	96	99
NY & East River Fy......	QM	20	28
10th & 23d St Ferry.......	A&O	30	40
10th & 23d St Fy 1st 5s.1919	J&D	65	75
Union Ferry	QJ	27	30
Union Ferry 1st 5s....1920	M&N	96	100

COAL BONDS.

Quoted by Frederick H. Hatch & Co., Dealers in Investment Securities, 30 Broad St., New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944.	82	85
Cahaba Coal Min. Co. 1st 6s, 1922.	105	...
Clearfield Bitum. Coal 1st 4s, 1940.	80	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	79	84
Continental Coal 1st 5s, 1952......	92	100
Fairmount Coal 1st 5s, 1931........	94	97
Kanawha & Hocking Coal & Coke 1st Sinking Funds 5s, 1951......	99	101
Monongahela River Con. Coal & Coke 1st 6s, 1949	109	113
New Mexico Railway & Coal 1st & Coll. Tr. 5s, 1947	95	100

REALTY SECURITIES.

Quoted by Peabody & Co., Specialists in Real Estate Securities, 42 Broadway, New York.

	Dividend.	Bid.	Asked.
Ackerson, T. B. Co. com.	5%	200	...
Ackerson, T. B. Co. pfd.	8%	98	100
*Alliance Realty Co....	8% Q. Apr.	120	123
Bond & Mtg. Guar. Co.	12% Q. Feb.	245	250
City Investing Co...........		65	67
City & Sub. Homes Co.	4% Jne.&D.	8¼	9
Lawyers Mortgage Co..	12% Q. Jan.	255	258
Lawyers Tit. I. & T. Co.	12% Q. Jan.	245	250
Monaton Realty & Investing Corp., com...	5%	...	102
N. Y. Mtg. & Sec. Co..	12% Q. Jan.	218	222
N. Y. R. E. Sec. Co., Conv., 1st pfd.......	7%	98½	100
Realty Associate Co....	6% J. & J.	109	112
Second United Cities Realty Co., Series A, pfd., 5%................		..	75
Title Guar. & Tr. Co...	20% Q. May	495	500
Am. Real Estate Co., Gold 6%....		91½	96½
Estates of Long Beach, 6%		80	85
Greely Square Realty Co., 5%.....		..	88
Hotel Rector, 2d Mtg., 5%, 1919....		..	90
Inter Borough Realty Co., Profit Sharing 5%		..	95
Improved Property Holding Co. of N. Y., 6%, Series A		100	104
Improved Property Holding Co. of N. Y., 6%, Series B		95	100
Mortgage Bond Co., 20 yr., 4%....		88½	89½
Monaton Realty & Invest. Corp., 6%		90	95

	Dividend.	Bid.	Asked.
N. Y. R. E. Sec. Co., Gold Mtg.	6%	98½	100
New York Realty Owners, Guar.	6%	92½	97½
N. Y. Central Realty Co., Gold	6%.	92	96
Queensboro Corporation, Part.	5%..	95	100
Underwriters Realty & Title Co.,	6% ..		85
Vanderbilt Realty Co.,	5%..........	19	22

* 6% extra dividend 1910.

POWER COMPANY BONDS.

Quoted by Wm. P. Bonbright & Co., Bankers, Members of the New York Stock Exchange, 24 Broad St., New York.

	Bid.	Asked.
Guanajuato Power & El. Co. com..	32	36
Bonds, 6%, due 1932 (Int.)......	94	100
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com. stk. div.)	74	76
Arizona Power Co. bonds, 6%, due 1933	85	93
Arizona Power Co. pref.	56	60
Arizona Power Co. com.	22½	25½
Great Western Power Co. bonds, 5%, due 1946	84	86½
Mobile Elec. Co. bds., 5%, due 1946 ..		90
Mobile Electric Co., pref., 7%.....	84	90
Mobile Electric Co., com.	25	...
Amer. Power & Lt. Co., pref., 6%.	81½	82½
Amer. Power & Lt. Co., com.......	73	80

ACTIVE BONDS.

Quoted by Swartwout & Appenzellar, Bankers, Members New York Stock Exchange, 44 Pine St., New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	101	102
Amer. Steel Foundries 4s, 1923....	69	70
Amer. Steel Foundries 6s, 1935....	102½	104½
Balt. & Ohio, Southwest. Div. 4½s.	90⅞	91⅛
Bethlehem Steel 5s	93	94
Chi., Burlington & Quincy Gen. 4s..	96½	97½
Chi., Burl. & Quincy Ill. Div. 4s...	99⅜	99¾
Chi., Burl. & Quincy Ill. Div. 3½s.	87¼	87¾
Cin., Hamilton & Dayton 4s........	98⅝	99
Denver & Rio Grande Ref'ng 5s...	92¼	93
Louis. & Nashville unified 4s......	98¼	98¾
Mason City & Ft. Dodge 4s	82¾	83¼

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 33 Wall St., New York.

	Bid.	Asked.
Adams Express	240	244
American Brass	124	127
American Chicle com.	233	236
American Chicle pfd.	104	107
American Coal Products	97	99½
American District Tel. of N. J.....	47	49
American Express	241	244
American Gas & Electric com.	56	59
American Gas & Electric pfd.	42	44
American Light & Traction com....	294	299
American Light & Traction pfd.....	105	107
Babcock & Wilcox	98½	101
Bordens Condensed Milk com......	119½	121½
Bordens Condensed Milk pfd......	107½	109½
Bush Terminal	100	105
Childs Restaurant Co. com.........	169	177
Childs Restaurant Co. pfd.........	114	117
Del., Lack. & Western Coal	312	322
Du Pont Powder com..............	152	160
Du Pont Powder pfd..............	85	88
E. W. Bliss com...................	120	125
E. W. Bliss pfd...................	122	130
General Motors com.	37	39
General Motors pfd.	76	78
Hudson & Manhattan com.	17	20
International Nickel com.	175	190
International Nickel pfd.	92	95
International Silver pfd.	112	115
Kings Co. E. L. & P...............	130	132
Otis Elevator com.	67	70
Otis Elevator pfd.	99	100
Pacific Gas & Electric com........	62	65
Pacific Gas & Electric pfd..........	87	90
Phelps, Dodge & Co.	215	220
Pope Manufacturing com.	54	57
Pope Manufacturing pfd.	72	77
Producers Oil	125	135
Royal Baking Powder com.........	177	184
Royal Baking Powder pfd..........	106	107½
Safety Car Heating & Lighting.....	122	124
Sen Sen Chiclet	136	141
Singer Manufacturing	295	305
Standard Coupler com.	41	45
Texas & Pacific Coal	99	105
Tri-City Railway & Light com......	34	36
Tri-City Railway & Light pfd......	92	94½
U. S. Express	98	100
U. S. Motors com.	41	44
U. S. Motors pfd.	80	83
Union Typewriter com.	36	40
Underwood Typewriter pfd.	104	106
Underwood Typewriter com.	66	68
Virginian Railway	22	28
Wells Fargo Express	162	164
Western Pacific	17	21
Western Power com.	32	35
Western Power pfd.	60	63
Worthington Pump pfd.	106	109

FOREIGN GOVERNMENT AND MUNICIPAL BONDS.

Reported by Zimmermann & Forshay, 9 Wall St., New York.

	Bid.	Asked.
German Govt. 3½s	93½	94½
German Govt. 3s	83½	84¾
Prussian Consols. 4s	102	103
Bavarian Govt. 4s	101	102
Saxony Govt. 3s	83¼	84¼
Hamburg Govt. 3s	82	83
City of Berlin 4s	100½	101½
City of Cologne 4s	100	101
City of Augsburg 4s	99¾	100¾
City of Munich 4s	99¾	100¾
City of Frankfurt 3½s	92½	93½
City of Vienna 4s	95	96
Mexican Govt. 5s	99	100
Russian Govt. 4s	91½	92½
French Rente 3s	95¾	96¾
British Consols. 2½s	81¼	82¼

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

DRAFTS OF PROPOSED LAWS RECOMMENDED BY THE AMERICAN BANKERS' ASSOCIATION FOR ENACTMENT DURING 1911

(Concluded from page 476 April BANKERS MAGAZINE)

An Act to punish derogatory statements affecting banks.

Be it enacted, etc.

Section 1. Any person who shall wilfully and maliciously make, circulate or transmit to another or others any statement, rumor or suggestion, written, printed or by word of mouth, which is directly or by inference derogatory to the financial condition or affects the solvency or financial standing of any bank, savings bank, banking institution or trust company* doing business in this State, or who shall counsel, aid, procure, or induce another to start, transmit or circulate any such statement or rumor, shall be guilty of a (felony or misdemeanor), and upon conviction thereof, shall be punished by a fine of not more than five thousand dollars or by imprisonment for a term of not more than five years, or both.

Statement.

This proposed act was drafted by General Counsel in December, 1907, to punish persons who maliciously make or circulate derogatory statements or stories affecting the standing and credit of banking institutions—a kind of evil to which banks are peculiarly subject, and which often causes great injury not only to the bank or banks affected but to the general public. Existing criminal laws are inadequate to obtain the conviction and punishment of offenders.

As originally drafted, following a law of New Jersey, enacted in the spring of 1907, the act provided for the punishment of persons who "wilfully *or* maliciously" circulated stories "untrue in fact." The later draft aims at one who "wilfully *and* maliciously" circulates such stories, without the necessity of proving they are "untrue in fact," making the gist of the crime depend upon the maliciousness rather than upon the untruth of the injurious utterance. The new draft was made as the result of expert criticism demonstrating the unwisdom of bringing in the untruth as a material element of proof, which might require dragging a bank's entire financial condition into court before conviction could be obtained, the impracticability of which might defeat the ends of justice.

Enactments.

The law, substantially as above, has been enacted as follows:

1908 Louisiana: "That any person who shall wilfully and maliciously make, circulate, or transmit to another or others any statement, rumor, or suggestion, written, printed, or by word of mouth, which is directly or by inference derogatory to the financial conditions, or affects the solvency or financial standing of any bank organized under the laws of the State of Louisiana, or who shall counsel, aid, procure, or induce another to start, transmit, or circulate any such statement or rumor, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be punished by a fine of not more than five thousand dollars and by imprisonment at hard labor for a term of not more than five years."

1909 Michigan: Same as first above, except that word "incorporated" inserted before "bank, savings bank," etc., and the crime made a "felony."

* The names of banking institutions should be specified according to what they are termed in each particular State.

Following are the enactments in which the crime is made to depend upon the statement being "wilful or malicious" or "wilful and knowing" or "with intent to injure" and also "untrue in fact":

1907 New Jersey: "Any person who shall wilfully or maliciously instigate, make, circulate or transmit to another or others any statement, untrue in fact, derogatory to the financial condition or affecting the solvency or financial standing of any bank, banking institution or trust company doing business in this State, or who shall counsel, aid, procure, or induce another to start, transmit or circulate any such statement or rumor, shall be guilty of a misdemeanor."

1908 Rhode Island: (Part of Section 78, Banking Law of 1908.) "Every person who shall wilfully or maliciously instigate, make, circulate, or transmit to another or others any statement, untrue in fact, derogatory to the financial condition or affecting the solvency or financial standing of any bank, savings bank, or trust company doing business in this State, or who shall counsel, aid, procure, or induce another to start, transmit, or circulate any such statement or rumor, shall, upon conviction thereof, be punished by imprisonment for a term not exceeding one year or by a fine not exceeding five hundred dollars, or by both such fine and imprisonment."

1909 Pennsylvania: No. 121. Section 1. Any person who shall make, utter, circulate or transmit to another or others any statement, untrue in fact, derogatory to the financial condition of any bank, banking house, banking company, trust company, surety company, guarantee company, title insurance company or other financial institution in this Commonwealth with intent to injure any such financial institution, or who shall counsel, aid, procure or induce another to originate, make, utter, transmit or circulate any such statement or rumor with like intent, shall be guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not more than five thousand dollars and by imprisonment at hard labor for a term not exceeding five years.

1910 Maryland (Section 76 of Banking Law): "Any person who shall wilfully or maliciously instigate, make, circulate or transmit to another or others any statement, untrue in fact, derogatory to the financial condition or affecting the solvency or financial standing of any bank, savings institution or trust company doing business in this State, or who shall counsel, aid, procure or induce another to start, transmit or circulate any such statement or rumor, shall be guilty of misdemeanor, and, upon conviction thereof in any court of competent jurisdiction, may be fined a sum not exceeding one thousand dollars, or be imprisoned for a period not exceeding three years."

1910 Ohio (Senate bill No. 43; approved May 17, 1910): "Section 1. That section 13383 of the General Code be supplemented by the enactment of section 13383-1, as follows:

"Section 13383-1. Any person who shall wilfully and knowingly make, circulate or transmit to another or others any statement, rumor, or suggestion, written, printed or by word of mouth, which is untrue in fact and is directly or by inference derogatory to the financial condition or affects the solvency or financial standing of any bank, savings bank, banking association, building and loan association or trust company doing business in this State, or who shall knowingly counsel, aid, procure, or induce another to start, transmit or circulate any such statement or rumor, shall upon conviction thereof be punished by a fine of not more than one thousand dollars or by imprisonment in the penitentiary for not more than two years, or both."

An Act defining the crime of burglary with explosives and providing the punishment therefor.

Be it enacted, etc.

Section 1. Any person who, with intent to commit crime, breaks and enters, either by day or by night, any building, whether inhabited or not, and

opens or attempts to open any vault, safe or other secure place by use of nitro-glycerine, dynamite, gunpowder or any other explosive, shall be deemed guilty of burglary with explosives.

Section 2. Any person duly convicted of burglary with explosives shall be punished by imprisonment for a term of not less than twenty-five nor more than forty years.

Statement.

The operations of the "Yeggman" or "Yegg" type of bank burglar call for punishment of unusual severity and this is not provided by the ordinary statutes against burglary in States where the above law does not obtain. This proposed law defines the crime of burglary with explosives and provides such a severe penalty that the existence of the law in any State should act as a deterrent against the commission of this crime. Furthermore, a "Yeggman" once convicted and sentenced under this statute is placed where he can do no further harm for a long time, and each conviction lessens the menace from this dangerous class of professional criminals.

Enactments.

1904 Kentucky: "That any person or persons who shall by force or violence, steal, take or carry away or attempt by such means to steal, take or carry away from any bank, money, notes, securities or any other thing of value, or who shall, by means of explosives or any other force, unlawfully open or attempt to open, any safe belonging to or used by any person, firm, bank, or corporation or company in which is kept money, notes, securities, books or any other thing of value, shall be guilty of a felony; and upon conviction thereof, shall be confined in the penitentiary not less than two nor more than twenty years."

1905 Delaware: "Section 1. Any person who, with intent to commit burglary, breaks and enters, in the nighttime, a building in which there is a human being, and commits burglary by the use of nitroglycerine, dynamite, gunpowder, or any other high explosive, shall be deemed guilty of burglary by the use of explosives, which shall be a felony, and shall be fined not less than one thousand nor more than five thousand dollars, shall be whipped with not less than twenty nor more than forty lashes, and shall be imprisoned for a term not less than twenty-five years nor more than forty years."

"Section 2. Any person who, with intent to commit burglary, breaks and enters, in the night time, a building in which there is no human being and commits burglary by the use of nitroglycerine, dynamite, gunpowder or any other high explosive, shall be deemed guilty of burglary with explosives and felony, and shall be fined not less than five hundred dollars nor more than two thousand dollars, shall stand one hour in the pillory, shall be whipped with not less than fifteen nor more than twenty-five lashes, and shall be imprisoned for a term not less than ten years nor more than twenty years."

1906 Maryland: "Section 1. That any person who breaks and enters, either by day or night, any building, whether inhabited or not, and opens or attempts to open any vault, safe or other secure place by use of nitro-glycerine, dynamite, gunpowder or any other explosive, shall be deemed guilty of burglary with explosives.

"Section 2. That any person duly convicted of burglary with explosives shall be sentenced to the penitentiary in the discretion of the court for a period of not more than twenty years."

1907 Colorado: "Any person who, with the intent to commit any crime, breaks and enters any building and, for the purpose of committing any crime, uses or attempts to use nitro-glycerine, dynamite, gunpowder or any other explosive, is guilty of burglary with explosives, and on conviction shall be punished by imprisonment for a term of not less than twenty-five nor more than forty years."

1907 Iowa: "If any person shall break and enter any building and commit any public offense therein by the use, or with the aid, of nitro-glycerine,

dynamite, giant powder, gunpowder, or any other explosive material, he shall be imprisoned in the penitentiary not less than fifteen years."

1907 MICHIGAN: Same language as Colorado, except the word "high" is inserted before "explosive" and penalty is "not less than fifteen nor more than thirty years."

1907 MONTANA: "Any person who enters a building belonging to another with intent to commit a felony or other crime by the use of nitro-glycerine, dynamite, gunpowder or other high explosives, or who commits burglary by the use of any such explosives, is guilty of burglary with explosives. Section 2. Burglary with explosives is punishable by imprisonment in State prison for not less than fifteen years, and not more than forty years."

1907 NEBRASKA: "Any person who breaks and enters, either by day or by night, any building, whether inhabited or not, and opens or attempts to open any vault, safe, or other secure place by the use of nitro-glycerine, dynamite, gunpowder or any other explosive, with intent to steal or injure the property of another, shall be deemed guilty of burglary with explosives. Any person duly convicted of burglary with explosives shall be sentenced to the penitentiary for life or for any term not less than twenty years."

1907 NEW JERSEY: "Any person who shall wilfully or maliciously break or enter any church, meeting house, dwelling house, shop, banking house, warehouse, mill, barn, stable, outhouse, railway car, canal boat, ship or vessel, or other building whatever, with intent to kill, rob or steal, and who, for the purpose of effectuating such intent, uses, or attempts to use, nitro-glycerine, dynamite, powder or any other high explosive, and his counselors, procurers, aiders and abettors, shall be guilty of a high misdemeanor and punished by imprisonment at hard labor for a period not exceeding forty years or a fine not exceeding five thousand dollars, or both, at the discretion of the court."

1907 NORTH DAKOTA: "Any person who, with intent to commit any crime, breaks into or enters a building and commits or attempts to commit a crime by the use of nitro-glycerine, dynamite, gunpowder or any other high explosive, is guilty of a felony. Any violation of this act is punishable by imprisonment in the penitentiary of this State for not less than twenty years nor more than forty years."

1907 OREGON: "If any person shall break and enter any building in the nighttime with intent to commit a crime therein, and shall in the commission of, or attempt to commit such crime, use or attempt to use nitro-glycerine, dynamite, gunpowder or other high explosive, such person shall be deemed guilty of burglary with explosives, and upon conviction thereof shall be punished by imprisonment in the penitentiary for not less than five years nor more than forty years."

1907 SOUTH DAKOTA: "Section 1. (Burglary in the Second Degree.) A person who, with intent to commit burglary, breaks and enters in the nighttime a building and commits or attempts burglary by the use of nitro-glycerine, dynamite, gunpowder or any other high explosive, is guilty of burglary with explosives in the second degree. Section 2. (Burglary in First Degree.) A person who, with intent to commit burglary, breaks and enters in the nighttime a building in which there is a human being, and commits or attempts burglary by the use of nitro-glycerine, dynamite, gunpowder or any other high explosive, is guilty of burglary with explosives in the first degree. Section 3. (Punishment.) Burglary with explosives in the first degree is punishable by imprisonment in the State penitentiary for not less than twenty-five years, and burglary with explosives in the second degree is punishable by imprisonment in the State penitentiary for not less than fifteen years nor more than twenty-five years."

1907 MINNESOTA: "Every person who, with intent to commit some crime therein, shall break and enter the dwelling house of another in which there is a

human being, under circumstances not amounting to burglary in the first degree, or any person who, with intent to commit some crime therein, shall break or enter any room or building, whether occupied by a human being at the time or not, wherein a general banking business is carried on, or any structure wherein a business of receiving public or private funds on deposit is done, shall be guilty of burglary in the second degree and punished by imprisonment in the State prison for not more than ten years."

1907 New Hampshire: "Section 1. That any person who, with intent to commit burglary, breaks and enters in the nighttime any building in which there is a human being, and commits a burglary by the use of nitro-glycerine, dynamite, gunpowder or any other explosive, shall be deemed guilty of burglary with explosives, and any person convicted of such offense shall be punished by imprisonment in the State prison at hard labor for a period of not less than twenty years and not more than thirty years.

"Section 2. That any person who, with intent to commit burglary, breaks and enters in the daytime any building in which there is a human being, and commits a burglary by the use of nitro-glycerine, dynamite, gunpowder or any other explosive, shall be deemed guilty of burglary with explosives, and any person convicted of such offense shall be punished by imprisonment in the State prison at hard labor for a period of not less than fifteen years and not more than thirty years.

"Section 3. That any person who, with intent to commit burglary, breaks and enters in the nighttime any building in which there is no human being, and commits a burglary by the use of nitro-glycerine, dynamite, gunpowder or any other explosive, shall be deemed guilty of burglary with explosives, and any person convicted of such offense shall be punished by imprisonment in the State prison at hard labor for a period of not less than ten years and not more than thirty years.

"Section 4. That any person who, with intent to commit burglary, breaks and enters in the daytime any building in which there is no human being, and commits a burglary by the use of nitro-glycerine, dynamite, gunpowder or any other explosive, shall be deemed guilty of burglary with explosives, and any person convicted of such offense shall be punished by imprisonment in the State prison at hard labor for a period of not less than five years and not more than thirty years."

1909 Idaho: Section 1 same as Section 1 first above, except that "within said building" inserted after "other secure place." Section 2 provides "that any person duly convicted of burglary with explosives shall be sentenced to the penitentiary for a period of not less than ten (10) years nor more than twenty-five (25) years."

1909 Wyoming: Same as Section 1 first above, except that word "felony" in place of "crime" on first line. Act also adds penalty as part of Section 1: "and upon conviction shall be imprisoned in the penitentiary not more than twenty years."

RECENT DECISIONS OF INTEREST TO BANKERS

DEPOSIT AS "AGENT"—RIGHTS OF GARNISHEE.

SILSBEE STATE BANK vs. FRENCH MARKET GROCERY COMPANY.

SUPREME COURT OF TEXAS, DEC. 14, 1910.

Where a depositor opens the account in his own name, with the addition of the word "agent", the bank must honor his checks properly drawn without concerning itself with any question as to the ultimate ownership of the fund or as to the application to be made of the money drawn out.

This is true, regardless of whether the depositor is the owner in the fullest sense, or had only the legal control, as agent, over money really belonging to others.

But a garnishing creditor can reach it only in case the depositor is the true owner.

In the absence of any evidence, however,

to show that the money is not his, he, being in full possession and control of it, will be treated as the owner.

THIS was a garnishment proceeding by a creditor of Ray Miller against the Silsbee State Bank. The case came up on certified questions as follows:

"This is an appeal from a judgment of the county court against appellant in a garnishment proceeding. The facts are briefly, as follows: The French Market Grocery Company, judgment creditor of Ray Miller, sued out a writ of garnishment on the judgment against the Silsbee State Bank, which was on October 19, 1906, duly served upon the bank. Some time prior to this date Ray Miller had deposited with said bank certain money to the credit of 'Ray Miller, Agent,' and at the time of the service of the writ of garnishment there was a balance in the bank to the credit of this deposit sufficient to pay appellees' debt. On the same day of the service of the writ, and after it had been served, this balance was paid out by the bank on the check, or checks, of 'Ray Miller, Agent.'

"The garnishee answered fully under oath denying any indebtedness to Ray Miller. The answer was in the usual statutory form. The French Market Grocery Company filed its contest of the garnishee's answer under oath. Upon this state of the pleadings, the only evidence offered was that of the president of the bank, in substance, showing the deposit of the money to the credit of 'Ray Miller, Agent,' and the payment of it on his check, as agent, after the service of the writ of garnishment as hereinabove set out.

"Upon this evidence the county court rendered judgment against the garnishee, which judgment was reversed by this court, which held that the money in the bank to the credit of 'Ray Miller, Agent,' was, prima facie, the property of some undisclosed principal, and not subject to his debt, and that the burden was upon the plaintiff in the garnishment proceeding to rebut this prima facie case of evidence showing that the money was in fact the property of Ray Miller. Upon this holding we reversed the judgment and remanded the cause."

WILLIAMS, *J.*: It is beyond question that a bank receiving a deposit, made as this one was, becomes bound and therefore entitled to treat the depositor as owner of the fund and to honor and pay his checks properly drawn without concerning itself with any question as to the ultimate ownership or as to the application made or to be made of the money drawn out. This doctrine has been stated with a discussion of the authorities in the following cases: National Bank vs. Claxton, 97 Tex. 576, 577; Coleman vs. Bank, 94 Tex. 605.

This is true regardless of the question whether the depositor is the owner in the fullest sense or had only the legal control, as agent, over money really belonging to others. We do not think, therefore, that it is true, as broadly as it is laid down by some writers, that a garnishing creditor of the depositor is substituted in his stead and can reach the deposit merely because the bank was bound to treat him as owner.

The depositor controls the fund whether he is the true owner or not. The garnishing creditor can reach it only in case he is the true owner. Even the bank, in some transactions, deals with him as owner at its peril; for if it apply the fund to its own benefit under his authority, when it belongs to others, it is held accountable to them because the form in which such deposits are made is held sufficient to excite inquiry. The solution of the question, therefore, is not to be found in an analysis of the legal relation between banker and depositor, but must be reached by determining the probative force of the facts shown.

FORGED ENDORSEMENT—LIABILITY OF BANK PAYING UPON—EFFECT OF CERTIFICATION.

GALLO vs. BROOKLYN SAVINGS BANK.

COURT OF APPEALS OF NEW YORK, SEPT. 27, 1910.

The drawee of a bill or check or persons purchasing it take the paper relying solely

on the reputed responsibility of their transferrors, and the other parties to it, and its apparent genuineness, and they therefore deal with it at their peril.

The bank on which a check is drawn is bound to ascertain that the person to whom it makes payment is the genuine payee or is authorized by him to receive it, and it is no defense against such payee that the bank, in the regular course of business, and with nothing to excite suspicion, paid the check in good faith to a person bearing the same name as the payee, but not being that person.

While this rule may be harsh in some cases, any other rule would render the present business methods of this country impossible.

The certification of a check and its payment by the drawee discharges the instrument.

On November 28, 1903, one Antonio Cona was a depositor in the Brooklyn Savings Bank. On that day a person representing himself as Antonio Cona presented to the bank the deposit book, and in payment of the deposit, the bank delivered to that person a check for $610.50, drawn by its comptroller on the Nassau National Bank to the order of John Ray, its teller, and endorsed by the teller to the order of Antonio Cona. Upon indentification of this person as Cona, the plaintiff cashed the check and deposited it with the Oriental Bank. The check was then presented by the Oriental Bank to the Nassau Bank, by which it was paid. Subsequently an action was brought by the Nassau Bank against the Oriental Bank to recover the amount of the check, on the ground that the endorsement was a forgery, and the Oriental Bank was compelled to pay to the Nassau National Bank the amount of the check. Afterwards the Oriental Bank brought an action against the plaintiff to recover the amount of the check on the same ground, namely that the endorsement was a forgery. The plaintiff notified the Brooklyn Savings Bank of the pendency of the action, and that in case the action should be determined adversely to him, he should look to that bank to make good the loss sustained by him. The savings bank refused and neglected to intervene and contest the claim of the Oriental Bank.

Cullen, *J.* (omitting part of the opinion): I am not prepared to admit the proposition that when a bank or individual, not being satisfied of the rights or identity of the party claiming payment from it or him, declines to pay the party in money, but gives a check to the order of the known creditor, it or he is thereby necessarily guilty of negligence or fraud. It is the general rule of law in this country, and such is the common law, that the drawee of a bill or check or persons purchasing it "take the paper relying solely on the reputed responsibility of their transferrors, and the other parties to it, and its apparent genuineness, and they, therefore, deal in it at their peril." (Crawford vs. West Side Bank, 100 N. Y. 50.) In Graves vs. Am. Exchange Bank, 17 N. Y. 205, it was held that the drawee of a bill of exchange is bound to ascertain that the person to whom he makes payment is the genuine payee or is authorized by him to receive it, and that it is no defense against such payee that the drawee, in the regular course of business and with nothing to excite suspicion, paid the bill to a holder in good faith and for value under the indorsement of a person bearing the same name as the payee, but not that person.

It is on the faith of this rule that business in this country is conducted. Corporations, some of them numbering their stockholders by thousands, and usually ignorant of their identity and signatures, pay their dividends by checks to the orders of the various stockholders, transmitted by mail, relying on their right to reclamation from the banks in case the checks have been indorsed or collected by persons not entitled thereto. So, also, a person will send by post to the most distant part of the country his check to the order of another person to whom he wishes to pay or transfer money, confident in the knowledge that the abstraction of the check can entail no loss on him.

On the continent of Europe a different rule prevails, and payment by the drawee to a party presenting the same, of a bill drawn to order, is valid, even though the indorsement is forged, pro-

vided the drawee acts in good faith and without negligence. In England the common-law rule prevailed as to bills (but not as to checks) until the bills of exchange act of 1882, which adopted the continental rule as to sight bills, but not as to time bills, though a limited protection against forgery of the name of the payee may be had by "crossing." Such a rule would render the present business methods of this country impossible.

Although at times banks have complained of the harshness of our rule, and in some instances while acting in good faith have been subjected to severe loss (Shipman vs. Bank of the State of N. Y., 126 N. Y. 318), as a result of this rule banks are used by all classes of our people for the deposit of funds and payment made by check to an extent unknown elsewhere. Of course, a party entitled to the receipt of money may insist upon its payment in cash and not by check.

CHECK—PAYMENT—RE-ISSUE.

AURORA STATE BANK vs. HAYES-EAMES ELEVATOR CO.

SUPREME COURT OF NEBRASKA, JAN. 9, 1911.

Payment by a bank of a check drawn upon it, in the usual course and in the absence of fraud or mistake of fact, extinguishes the instrument, and the bank by thereafter putting it in circulation cannot create a liability thereon against its maker or prior indorser.

Payment by a bank of a check drawn upon it does not constitute such bank a "holder" within the meaning of the Negotiable Investments Law.

THIS was an action upon a check in the following form:

"No. 541. Giltner, Neb. 2/29/1906.

"Pay to the order of M. Wagner $573.80, five hundred seventy-three 80/100 dollars.

Gross For Sc a 30 per bu.
Tare Hayes-Eames Elevator Co.
Net lbs. O. E. Bedell.
Net. 1A. 12 10 bus. 57654."

On February 28, 1906, following the usual custom, Bedell, the agent of the elevator company, drew this check, and delivered it to M. Wagner, who immediately presented it to the bank of Bromfield, and it was paid, but not canceled. Wagner took the money received as payment of the check and deposited it in the Citizens' Bank of Giltner to the credit of the elevator company. For some time before the issuance and payment of the check there was a disagreement between the elevator company and the Bromfield bank as to the state of the elevator company's account, and the company had been trying to have the bank examine and correct the discrepancy, but without success. When the check was drawn the elevator company claimed a credit at the bank of $3.10 more than the check called for, while the bank claimed that the check caused a large overdraft.

One month afterward the presentation and payment of the check the president of the bank delivered it to his brother, one A. M. Glover, who wrote his name on the back thereof, and delivered it to the plaintiff, the Aurora State Bank, and received therefor $73.80 in cash and $500 in New York exchange. The check was then sent to the plaintiff's Omaha correspondent for collection. Payment thereof was demanded of the bank of Bromfield, which was refused, the check was protested, and the plaintiff thereupon brought this action.

BARNES, J. (omitting part of the opinion): The defendants contend (a) that the court erred in treating the check as a negotiable instrument; (b) that when the bank of Bromfield paid the check to the person named therein its liability as maker was discharged, and such payment did not constitute the bank a holder within the meaning of the negotiable instruments act so as to enable it to again put the check into circulation, and thus render the maker liable for its payment.

In support of defendants' first assignment, our attention is directed to the first section of the negotiable instruments act. See section 9200, Cobbey's Ann. St. 1909, where, among other things, it is provided that: "Where the instrument is addressed to a drawee, he must be named or otherwise indicated therein with reasonable certainty." It

will be observed by an examination of the check in question that the name of the drawee is not indicated therein at all, and therefore it would seem that the instrument is nonnegotiable, at least in form, but we find it unnecessary to determine that question in order to properly dispose of this appeal.

A similar question to the one raised by defendants' second contention was before us in National Bank of Commerce vs. Farmers' and Merchants' National Bank of Lincoln, 128 N. W. 522. In that case a certain forged check was presented to the plaintiff, which was the drawee bank, by the defendant through the clearing house and paid without detection. Afterwards when the forgery was detected plaintiff demanded repayment of the check of the defendant bank, and upon refusal brought suit to recover the amount thereof. It was held that when the check was presented to the drawee bank and paid in due course, such payment was not a negotiation of it within the meaning of the negotiable instruments act, but was an extinguishment of the instrument. It was there said: "'An instrument is negotiated when it is transferred from one person to another in such manner as to constitute the transferee the holder thereof.'

"To 'negotiate' is defined in the Century Dictionary: 'To treat with another or others; * * * to arrange for or procure by negotiation; bring about by mutual arrangement, discussion, or bargaining; * * * to put into circulation by transference and assignment of claim by indorsement; as, to negotiate a bill of exchange; * * * to dispose of by sale or transfer; as, to negotiate securities.' In Words and Phrases, it is said: 'To negotiate means to conclude by bargain, treaty, or agreement, * * * transfer, to sell, to pass, to procure by mutual intercourse and agreement with another, to arrange for, to settle by dealing and management. The power to "negotiate" a bill or note is the power to indorse and deliver it to another, so that the right of action thereon shall pass to the indorsee or holder. "Negotiation" means the act by which a bill of exchange or promissory note is put into circulation by being passed by one of the original parties to another person.' If A. gives B. a check on C. bank, and B. presents the check at the counter of C. no negotiation is necessary or had. He simply demands and receives payment. But, if B. goes to D. store and buys a bill of goods and tenders the indorsed check in payment he negotiates the check. The difference is clear and well defined. The presentation by defendant of the check in controversy for payment was not a 'negotiation' of the check within the meaning of the statute quoted. Nor do we think that the payment by a bank of a check drawn upon it constitutes such bank a 'holder' within the meaning of the statute. * * * When a check is presented to the bank upon which it is drawn, and is paid by such bank, such payment discharges the instrument (section 118, art. 8, c. 41, Comp. St. 1909), and the bank is not thereafter, within the meaning of the statute, a 'holder' of such check."

PRESENTMENT FOR PAYMENT —DEMAND OVER TELEPHONE.

RICHARD S. GILPIN vs. WILLIAM M. SAVAGE.

COURT OF APPEALS OF NEW YORK, MARCH 3, 1911.

A proper demand of payment requires personal attendance at the place of demand with the paper in readiness to exhibit it if required and to receive payment and surrender it if the debtor is willing to pay.

A demand of payment made over the telephone is therefore insufficient.

THIS action was brought against the indorser of a promissory note made payable at a particular place designated by street and number, which was the residence of the maker. The only question in the case was whether the presentment to the maker was sufficient to charge the indorser. At the maturity of the note it was in the hands of the Columbia National Bank, which was located about two miles from the maker's residence, in Buffalo. After

some delays the cashier of the bank succeeded in calling up the maker at his place of residence. He stated to him that the bank held the note, and the further conversion between the parties was sufficient to establish a demand for its payment and refusal or statement of inability on the part of the maker to comply with the demand. The cashier had the note in his possession when the demand was made, and the maker made no request to see it or for its production, but stated he would call at the bank, which he did a short time subsequently.

CULLEN, *C.J.* (omitting part of the opinion): The counsel for respondent seeks to sustain the judgment below on two propositions: First, that a demand over the telephone on the maker at the place specified in the note is the same as a demand at that place by ordinary speech; second, that the possession of the note by the cashier was sufficient to make the demand a proper one.

The truth of the first proposition as a general rule may be conceded, but the argument ignores the fact that a valid presentment, as hitherto pointed out, consists of something more than mere demand. It requires personal attendance at the place of demand with the note, in readiness to exhibit it if required and to receive payment and surrender it if the debtor is willing to pay. The counsel cites several cases in which it is said that the possession of the instrument by the person making the demand is sufficient, although it is not actually exhibited. These statements were entirely accurate when made before the general use of the telephone. When demand is made by ordinary human vocal power, unaided by mechanical device, it is plain that the person making the demand is necessarily present at the place at which the demand is made, and if the instrument is in his possession the presence of the instrument is equally clear. The statement if now inaccurate is so by the use of the telephone.

If the theory on which the decisions of the courts below have proceeded is to prevail it is difficult to see why a valid presentment of a note payable in Buffalo might not be made over the telephone from New York, or if that is to be deemed too great a distance, where shall the line between a sufficient and insufficient demand and presentment be drawn? Will a demand for payment of an instrument payable in Buffalo be good if made at Batavia and bad if made at Rochester?

The judgment appealed from should be reversed and new trial ordered, costs to abide the event.

GRAY, VANN, WERNER, WILLARD BARTLETT and CHASE, *J.J.*, concur; HAIGHT, *J.*, absent.

Judgment reversed, etc.

CHECKS — FORGED INDORSEMENT—NOTICE TO BANK.

KNOXVILLE WATER CO. vs. EAST TENNESSEE NAT. BANK.

SUPREME COURT OF TENNESSEE, NOV. 12, 1910.

A bank receiving and collecting a check upon a forged indorsement of the payee's name, is liable to the payee for its proceeds, although the bank has fully paid over and accounts for the same to the forger, without knowledge or suspicion of the forgery.

An employee took his employer's bills receivable to a bank, with which the latter had no business relations, and there indorsed them in the employer's name, and asked that they be placed to his individual credit.

Held, that these facts should have put the bank upon inquiry.

GREEN, *J.* (omitting part of the opinion): Having concluded that Martin was without either actual or apparent authority to indorse these checks, it is useless to further pursue this branch of the case. On the question of apparent authority, however, we wish to say that these deposits by Martin seem to us irregular and unusual, and they should have aroused the suspicion of the bank when made. For an employee to bring his employer's bills receivable to a bank with which the latter has no business relations, for the employee there to indorse them in his employer's name, and for the employee to ask that such bills or checks be placed to his individual credit—such transactions seem to us to be so out of line with, and contrary to, the usual course

of business, that they should have served to put the bank on sharp inquiry. We think this is true, whether the employee so offering such checks be president, manager, treasurer, or any other officer or agent of an employing corporation. And we think a bank, which under these circumstances accepts such a deposit to the individual credit of an employee, subject to his individual check and disposition in this way, has little ground upon which to urge that such an employee was thus acting within the apparent scope of his authority.

Under the negotiable instruments law, a forged signature and a signature made without authority are put on the same plane in so far as passing title to paper is concerned. Both are wholly inoperative, and neither confer any right to retain the instrument, nor any consequent right to retain the proceeds of the instrument, if collected.

Chapter 94, § 23, of the Acts of 1899 (the negotiable instruments act), provides: "Where a signature is forged or made without authority of the person whose signature it purports to be, it is wholly inoperative, and no right to retain the instrument, or to give a discharge therefor, or to enforce payment thereof against any party thereto, can be acquired through or under such signature, unless the party against whom it is sought to enforce such right is precluded from setting up the forgery or want of authority."

In the determination of this case, Martin's indorsement of these checks must be treated just as a forged indorsement, although it is not technically so in the sense of the criminal law.

It is the settled law in Tennessee that a bank, receiving and collecting a check upon a forged indorsement of the payee's name, is liable to the payee for its proceeds, although the bank has fully paid over and accounted for same to the forger, without knowledge or suspicion of the forgery.

NOTES ON CANADIAN CASES AFFECTING BANKERS

[Edited by John Jennings, B.A., L.L.B., Barrister, Toronto]

GUARANTY — MISREPRESENTATIONS — EVIDENCE — FINDINGS OF JURY.

BANK OF TORONTO VS. BIER (O. W. N., page 897).

JUDGMENT (Falconbridge, *C.J., K.B.*): An action on a guaranty, tried with a jury. The defendants allege that their execution of the guaranty was induced by fraudulent misrepresentations of an officer of the plaintiffs. The learned Chief Justice said that, as to the defendant Bier, the jury's answers followed his evidence and disclosed no defense. His case was allowed to go to the jury only because it was necessary to take their opinion as to the position of the defendants Massecar and Chapin. As to these two defendants, the evidence adduced on their behalf would, if believed, have warranted findings of much more substantial misrepresentations. But the jury had chosen to confine their answers to a mere statement of opinion by the plaintiff's manager, and had found, too, that such statement was not untrue to his knowledge; and the plaintiffs, therefore, succeeded. The pleadings had been closed against the defendant Bentham, and all the defendants, therefore, remained without defence. Judgment against all the defendants for $4,000 and interest from November 5, 1910, with costs.

PROMISSORY NOTE—PARTNERSHIP—DEBT TO BANK—NOTE MADE AFTER INCORPORATION OF COMPANY—IDENTITY OF NAMES—KNOWLEDGE BY BANK OF INCORPORATION —LIABILITY OF PARTNERS—ESTOPPEL—NOVATION.

METROPOLITAN BANK VS. AUSTIN ET AL (2 O. W. N., page 868).

ACTION on a promissory note dated September 30, 1910, whereby the defendants promised to pay to the plaintiffs or their order $2,750 six

weeks after date. This note represented a balance due to the plaintiffs on an advance of $3,000, made on November 13, 1909. No further advance was made by the plaintiffs, but the amount of the indebtedness had been reduced to the sum now sued for. The defendants had filed their declaration of copartnership on December 30, 1905. No declaration was ever filed showing any change in the partnership. By letters patent under the Ontario Companies Act, dated January 10, 1910, the defendants and three other persons were incorporated under the corporate name of Austin & Graham Limited. The defence was that the note sued on was not a note of the defendants at all, but a note of the company; and that the company having in November, 1910, made an assignment for the benefit of creditors, the plaintiffs must rank on the company's estate and have no recourse against these defendants. The evidence for the defence was chiefly aimed at endeavoring to bring home notice of the formation of the company to the plaintiffs; and the defendants contended that this note, although signed "Austin & Graham," ought to be treated as if signed "Austin & Graham Limited."

Judgment (Sir Glenholme Falconbridge, *C.J.*): The learned Chief Justice said that he was unable to recognize the validity of such a defence. The plaintiffs, it might be assumed, were satisfied with their promisors, to whom they had made the advance before the company was ever thought of. If the defendants had come offering in renewal a note of the company, the plaintiffs would have been at liberty to accept or refuse it. There was no evidence that the company took over or agreed to take over the liabilities of the firm—nor could such an arrangement be made as to this debt without the plaintiffs' consent. Neither the doctrine of estoppel nor that of novatio could, in the circumstances, be invoked. The court was not concerned with the effect of the incorporation nor with the assignment of the debts or other securities held by the plaintiffs. Judgment for the plaintiffs for the amount of the note and interest.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law — submitted by subscribers — which may be of sufficient general interest to warrant publication will be answered in this department

RECOVERY OF FORGED CHECK PAYABLE TO BEARER—TRANSFERRED BY DELIVERY

Editor Bankers Magazine:

Sir: Will you kindly answer the following: One of our customers here is in the hotel business and accepted a check in payment of a board bill. The check was drawn on a bank in Illinois payable to one Lamson or bearer. In transferring the check to our customer, Lamson did not endorse it. The hotel man brought the check to us and we cashed it for him as had been our custom, without requiring him to endorse it. The check proved to be a forgery and was protested and returned to us and we asked our customer to refund the amount to us, which he refuses to do. He does not deny receiving the money but claims that as he did not endorse it we bought the check and must stand the loss. The attorney employed by us takes this view of it and says the loss will fall on us. We did not think it necessary to require the endorsement as check was payable to bearer and presented by a customer in whom we had confidence. What is your view of it?

F. M. B.

Answer: When the bank received the check from its customer, and gave him the money thereon, the transaction was, in legal effect, a negotiation by delivery. (Negotiable Instruments Law, Neb., sec. 30.) Now, the statute of Nebraska provides that "Every person negotiating a negotiable instrument by delivery warrants that it is genuine and in all respects what it purports to be." (Id., sec. 65.) When, therefore, it turned out that the paper which had been so negotiated, or sold, to the bank was not genuine, but was a forgery, there was a breach of warranty on the part of the customer, and the bank is entitled to recover from him the amount which it paid him. In Littauer vs. Goldman (72

N. Y., 509) the Court of Appeals of New York said: "The rule is well-settled that generally one who transfers paper by delivery only, incurs none of the liabilities which attach to an indorser, for the reason that the irresistible inference is, that if he transfers it and it is received without his indorsement, that such liabilities did not enter into the bargain or the intention of the parties. This rule, however, is not without exception, and the transferrer of notes or bills by delivery warrants the genuineness of the signatures, and that the title is what it purports to be. If the paper is forged, the transferrer is liable upon the original consideration which has never been extinguished by the sale. (See also Meyer vs. Richards, 163 U. S. 385.)

THE HAGUE CONFERENCE ON INTERNATIONAL BILLS OF EXCHANGE

THE report of Mr. Charles A. Conant, American delegate to the Conference at The Hague last summer on International Bills of Exchange, has been printed by Congress and makes a volume of over five hundred pages. The full translations of the proceedings at The Hague and many special papers by English and Continental specialists on the law of bills and on the conflict of laws make the volume a compendium of much interest to the student. The Conference is to reassemble in September next to pass upon suggested changes in the proposed uniform law of bills and also to take up the subject of a uniform law on cheques. A Questionnaire on cheques prepared by the Government of The Netherlands is being sent by the American delegate to leading bankers, exporters and economic students. Mr. Conant delivered an address on April 11, by invitation of Professor Francis M. Burdick, before the class on bills at Columbia University.

SAVINGS BANKS

Conducted by W. H. Kniffin, Jr.

SAVINGS BANK ARTICLES TO BE CONTINUED

W. H. KNIFFIN, JR., will contribute to the June issue of the BANKERS MAGAZINE a discussion on "Figuring Interest in the Savings Bank," adding another installment to the series now running.

THE SAVINGS BANKS OF CONNECTICUT

AN interesting table has been prepared by Mr. R. E. Chambers, discount clerk of the City Bank of New Haven, showing by comparative figures valuable details in connection with the savings banks of Connecticut. This table is printed in full herewith.

It shows that at the date of compilation the eighty-seven savings banks of Connecticut held over $275,000,000 of deposits, with a surplus of $23,000,000, or 8.6 per cent. of the deposits, with assets figured at market values.

Practically all of the savings banks of Connecticut pay dividends at the rate of four per cent., though some of the banks discriminate by paying a lower rate on deposits of over a certain amount. Over $1,000,000 was charged off in premiums or otherwise during the current year covered by the reports.

The table will be of considerable interest to savings bank people everywhere as showing conditions in one of the most important savings bank States.

TABLE BASED ON THE ANNUAL REPORT OF SAVINGS BANKS OF CONNECTICUT

Submitted to the Governor Jan. 1, 1911. **Compiled by R. E. Chambers, Discount Clerk, City Bank of New Haven**

BANK.	DEPOSITS.	SURPLUS AND PROFITS AT MARKET VALUES. AMOUNT.	PER CENT. DEPOSITS.	DIVS. PAID.	NET INCOME. DIVIDEND EQUIVALENT.	AMOUNT ABOVE DIV.	CHARGED OFF. PREMIUMS.	OTHER.	REAL EST. BY FORECL.	INT'EST COM-MENCES.
Higganum	$25,233	$11,631	46.5	4%	4.0	$7*	......	......	......	M
Dime, Cromwell	192,109	41,750	21.2	4	5.0	1,920	$387	......	$800	M
Groton, Mystic	1,338,676	279,215	20.8	4	5.1	14,614	3,962	$530	4,760	Q
Berlin Sav., Kensington	387,651	79,161	20.5	4	6.2	8,624	1,834	......	811	M
Woodbury	331,033	60,767	18.3	4	5.1	3,848	......	500	2,716	M
Thomaston	1,061,296	178,921	16.8	4	5.2	13,310	12	......	......	M
Sav. Bk. of N. London	10,655,800	1,787,692	16.7	4	4.9	94,695	66,303	......	36,629	Q
Winsted	2,122,941	328,157	15.4	4 & 3½b	5.1	24,214	11,288	......	1,985	Q
Westport	242,104	35,087	14.5	4	4.5	1,286	26	......	......	M
Sav. Bank of Rockville	2,826,938	408,948	14.4	4	5.1	32,690	15,241	......	1,955	Q
Suffield	523,124	74,525	14.2	4	4.9	4,706	......	......	......	Q
Sav. Bk. of Tolland....	315,099	44,679	14.1	4	5.3	4,208	......	......	......	M
Milford	482,052	66,948	13.9	4 & 3a	5.1	5,661	5,180	......	......	Q
Collinsville Sav. Society	963,107	133,368	13.8	4	5.1	10,561	996	1,200	20,216	M
Farmington	4,993,946	654,445	13.1	4	5.0	49,510	5,346	......	43,500	M
Sav. Bk. of Danbury...	4,711,189	596,782	12.7	4	5.8	85,486	16,317	37,019	56,850	M
City, Bridgeport	6,486,195	818,316	12.6	4	5.1	70,197	......	465	......	M
Connecticut, N. Haven.	11,881,892	1,496,437	12.5	4	4.9	102,895	61,582	17,182	......	Q
State, Hartford	5,207,657	610,896	11.7	4	5.2	63,888	2,211	24,003	4,536	M
Bristol	3,540,840	413,535	11.7	4	4.9	33,609	13,183	......	28,050	M
Southington	1,597,936	186,079	11.6	4	4.9	14,733	4,994	......	11,444	M
Middletown	9,274,852	1,061,016	11.4	4 & 3d	4.6	53,208	22,317	15,106	......	Q
Stamford	4,941,970	547,258	11.0	4	4.8	36,499	......	72	6,558	Q
Chelsea, Norwich	8,557,272	932,863	10.9	4	4.4	35,545	390	14,198	......	M
People's, Bridgeport ..	5,421,614	607,828	10.8	4	4.6	35,075	16,768	177	......	M
Litchfield	1,788,897	191,483	10.7	4	4.8	15,862	3,712	......	......	An.
Newtown	1,052,043	112,194	10.6	4	4.9	9,286	......	3,922	......	M
Mechanics, Winsted ...	1,705,128	181.625	10.6	4 & 3½b	4.8	14,974	11,662	......	1,340	An.
New Haven	16,087,466	1,662,606	10.3	4	4.6	104,480	41,622	5,422	......	Q
Essex	796,700	81,672	10.2	4	4.9	7,239	3,392	1,445	10,469	Q
Jewett City	1,050,522	99,208	9.4	4	4.4	4,833	6,100	825	3,886	M
Bridgeport	7,121,657	647,881	9.1	4	4.4	28,549	5,687	1,424	......	M
Citizens, Stamford	3,532,137	314,936	8.9	4	4.8	28,828	......	3,122	......	M
Norwich	17,130,149	1,500,521	8.7	4	4.5	96,889	99,919	95	1,674	M
New Milford	2,183,109	189,081	8.6	4	4.6	14,808	2,492	......	......	M
Norfolk	319,803	27,216	8.5	4	4.8	2,611	587	......	......	M
Naugatuck	1,977,718	168,041	8.5	4	4.6	11,537	7,000	......	......	M
Terryville	91,195	7,700	8.4	4	5.1	1,034	......	......	......	M
Guilford	527,798	43,176	8.2	4	5.1	6,027	......	15	......	An.
Branford	413,532	36,283	8.1	4	5.1	4,828	......	......	......	An.
Union, Danbury	2,587,732	208,373	8.0	4	6.3	60,618	23,079	1,585	27,802	M
Dime, Wallingford	1,192,838	95,694	8.0	4	4.6	7,007	......	......	17,595	An.
Moodus	500,666	40,380	8.0	4	4.5	2,620	884	107	......	M

Southport	835,832	66,351	7.9	4	4.3	2,606	481	31,271	......	An.
Chester	550,529	43,211	7.9	4	4.6	3,676	236	500	......	M
Dime, Waterbury	5,325,025	414,321	7.7	4	4.7	37,547	4,170	35,973	......	An.
Derby	4,273,319	316,904	7.7	4	4.5	23,252	......	......	1,000	M
South Norwalk	2,264,055	172,667	7.6	4	4.7	15,769	6,985	103	......	M
Fairfield Co., Norwalk.	1,598,993	119,639	7.5	4	4.5	7,805	3,018	807	7,000	M
People's, Rockville	893,128	66,218	7.5	4	5.0	8,789	......	335	......	M
Falls Village	629,717	46,581	7.4	3½	4.3	4,909	3,750	510	16,410	An.
National, New Haven..	3,715,210	272,070	7.3	4	4.5	19,075	5,962	5,382	......	Q
Waterbury	6,526,658	467,601	7.1	4	4.8	50,797	......	4,593	2,777	An.
Deep River	2,066,888	157,217	7.1	4	4.6	12,100	3,305	1,341	1,500	M
Greenwich	785,834	54,217	6.9	4	4.5	4,004	......	......	287	An.
F. & Mech., Middletown	4,201,524	281,587	6.7	4 & 3d	4.8	35,964	27,500	3,295	28,069	M
Norwalk	3,846,562	251,817	6.5	4	4.7	27,470	11,284	7,779	35,740	M
Freestone, Portland ...	627,307	40,121	6.4	4	4.3	2,148	1,885	100	3,400	M
Meriden	6,696,345	441,674	6.1	4	4.6	38,797	......	5,223	......	An.
City, Middletown	39,777	2,457	6.0	4	5.2	491	110	......	......	M
Mechanics, Hartford ..	7,085,195	417,326	5.9	4	4.8	61,640	45,624	......	72,153	Q
New Canaan	349,198	19,593	5.6	4	5.0	3,539	648	......	......	M
Stafford, Stafford Sp'gs	1,074,389	60,313	5.6	4 & 3½b	4.5	5,187	1,850	317	250	M
Windsor Locks Savings	356,466	19,525	5.5	4 & 3½b	4.2	946	......	......	......	An.
Sav. Bank of N. Britain	6,094,844	332,515	5.4	4	4.7	45,205	4,952	......	8,550	M
Willimantic Sav. Inst..	603,759	32,470	5.4	3½	4.5	6,299	4,325	4,424	2,425	An.
Mariners, New London.	3,688,633	195,784	5.3	4 & 3c	4.4	14,075	13,250	2,117	1,723	An.
Dime, Norwich	2,836,611	150,732	5.3	4	4.2	7,631	3,085	3,414	......	M
Soc. for Sav., Hartford	32,796,637	1,944,727	5.0	4	4.4	147,289	138,785	20	1,871	An.
Dime, Hartford	3,285,400	153,699	4.6	4	4.7	24,503	14,315	1,475	......	An.
Canaan	405,928	18,113	4.5	4	4.9	3,879	1,532	34	......	An.
Brooklyn	1,570,755	70,439	4.5	4	4.6	9,527	2,137	115	900	An.
Ridgefield	1,024,464	45,083	4.4	4	4.6	6,405	......	299	169	M
Torrington	1,679,331	57,488	3.4	4	4.1	2,310	25	478	......	An.
Mech. & F., Bridgeport	4,790,763	161,937	3.3	4	4.5	22,274	10,136	8,082	16,950	M
Burritt, New Britain...	1,583,473	49,246	3.1	4	5.0	15,899	11,846	53	......	M
Salisb'y S. Soc., Lake'le	993,231	30,677	3.1	3½	3.9	4,545	1,881	1,655	4,880	An.
West Side, Waterbury.	1,210,131	49,095	3.0	4	4.5	6,550	......	654	1,500	M
S. B. of Man'ter, S. Man.	566,090	12,237	2.1	4	4.6	3,794	600	......	......	An.
Putnam	2,817,018	61,191	2.1	4 & 3a	4.1	4,307	......	......	3,500	M
Shelton	343,371	6,293	1.8	4	4.4	1,327	100	108	......	M
City, Meriden	3,952,574	55,101	1.4	4	4.6	22,482	23,695	......	6,500	An.
Wind. Co. Sav., Dan'son	781,994	10,162	1.3	4	4.4	3,391	......	1,275	45,500	M
Sav. Bk. of Ansonia...	2,694,034	35,101	1.3	4	4.0	1,054	4,979	......	2,516	M
People's, New Britain..	60,221	......	....	4	4.3	203	......	......	......	M
New Hartford	116,981	......	....	4 & 3b	4.5	568	50	......	......	An.
Stonington	62,517	17,335	(In Liquida'n)	..	...	436	......	3,688	66,168	...
Total for State.	$275,842,369	$24,285,209	8.8	..	Av. 4.6	$1.943,459	$806,995	$253,855	$615,314	

a Discriminate on excess over $1,000.
b Discriminate on excess over $2,000.
c Discriminate on excess over $3,000.
d Discriminate on excess over $10,000.
e Discriminate on excess over $3,000, and more against larger deposits.

* Loss.
Interest—M., Monthly; Q., Quarterly.
All cents omitted.

THE ISSUE AND CERTIFICATION OF TOWN NOTES IN MASSACHUSETTS

FULL instructions have been issued by Charles F. Gettemy, director of the Bureau of Statistics, in regard to the issue of town notes and the certification thereof in the Commonwealth of Massachusetts. The law (Chapter 616 of the Acts of 1910) and the accompanying explanations will be found of interest to bankers and investors.

THE LAW.

Chapter 616, Acts of 1910.

An Act Relative to the Form of Notes to be Issued by Towns for Money Borrowed.

Be it enacted, etc., as follows:

Section 1. The director of the bureau of statistics shall furnish to the treasurer of every town within the commonwealth a book of forms for the issue of notes for money borrowed by the town. The note shall state the amount thereof, the date of issue, the interest which it bears, and the date when it will become due for payment, and a record of every note so issued shall be kept by the treasurer of the town in such form as the director of the bureau of statistics may designate.

Section 2. Whenever a town votes to raise money otherwise than by the issue of bonds to be paid for from a sinking fund or by the serial method, so-called, the treasurer shall make a note or notes for the amount of the proposed loan, and shall use one or more in serial order of the forms furnished as hereinbefore provided, with the blank spaces properly filled in, and shall sign the same in the space or spaces provided, and a majority of the selectmen shall countersign and approve each note in the presence of the town clerk, who shall certify to the fact on the face of the note and affix thereon the town seal in a space to be provided therefor. The treasurer, after making a record of the transaction in accordance with the provisions of section one, shall forward every such note to the director of the bureau of statistics, together with a copy of said record, and a copy of the vote authorizing the loan, certified by the town clerk, and a certification by the town clerk that the person whose signature appears upon the note as that of the treasurer was the duly authorized treasurer of the town at the date when such signature was made, and that the persons whose signatures appear upon the note as those of a majority of the selectmen were duty qualified selectmen when such signatures were made, and he shall at the same time forward the fee provided for by section four of this act. If upon examination said director finds that the note appears to have been duly issued in accordance with the vote of the town, and to have been signed by the duly qualified officials thereof, as herein provided, he shall so certify, and the director shall thereupon return the note by registered mail to the treasurer of the town.

Section 3. Whenever any note issued by a town within the commonwealth, whether such note was issued before or after the passage of this act, shall have become due and shall have been paid, the town treasurer shall immediately notify the director of the bureau of statistics of such payment, stating the source from which the money to pay the same was obtained.

Section 4. The director of the bureau of statistics shall establish a reasonable fee to be charged for every note certified, and shall turn over monthly to the treasurer of the commonwealth all such fees.

Section 5. A town treasurer who violates any provision of this act shall be liable to a fine of not less than one hundred nor more than five hundred dollars.

Section 6. This act shall take effect on the first day of January in the year nineteen hundred and eleven. [Approved June 10, 1910.]

The Form of Note and Method of Making Out the Same.

Pursuant to the requirements of the act a book of forms for the issue of notes for money borrowed by towns has been furnished to the treasurer of each of the 321 towns of the Commonwealth. The blank form of note reads as follows:

No....... $......

The Commonwealth of Massachusetts.

Town of........................

Date of Issue..........19..

This Note is exempt from Taxation in Massachusetts.

For Value Received, the Inhabitants of the town of.................. by the Treasurer, hereto duly authorized by vote of said Town, passed on the........day of........, in the year 19.., promise to pay to.................. or order at the............................ the sum of.....................Dollars on the ....day of........, 19.., with interest at the rate of......per cent. per annum, payable........................

....

Treasurer

of the Town of...............

Countersigned and approved.

.... Selectmen
.... and
.... a
.... majority
.... thereof.

I certify that this note was countersigned and approved by the Selectmen in my presence this........ day of........, 19..

(Town Seal to be affixed here.)

....
Town Clerk.

The Commonwealth of Massachusetts.
Bureau of Statistics, State House, Boston.
............19..

I certify that this note appears to have been duly issued in accordance with a vote of the town, and to have been signed by the duly qualified officials thereof as provided by Chapter 616 of the Acts of 1910.

....
Director of the Bureau of Statistics.

The above form has been engraved on steel and printed on bond paper with a grayish-blue background, 12 x 8½ inches in size, and bearing the legend "Massachusetts Standard Form of Town Note." It has been approved by the attorney general of the commonwealth as in accordance with the requirements of the law, and no town note issued on or after January 1, 1911, will be legal unless made upon one of these forms, the attorney general's opinion upon this point being as follows:

> Previous to the enactment of this statute a city or town might issue "bonds, notes, scrip, or other certificates of indebtedness," in accordance with the provisions of R. L. c. 27. See s.s. 9, 10. St. 1910, c. 616, s. 2, however, limits a town to the issue of bonds to be paid for from the sinking fund or by the serial method (see R. L., c. 27, s. 12,) or notes which must be drawn in a form to be furnished by the Director of the Bureau of Statistics.
>
> It follows, therefore, that the statute requires that every note issued by a town must be upon the form prescribed therein and furnished by the Director of the Bureau of Statistics, and this requirement, in my opinion, extends to all forms of obligations issued by a town which are denominated upon their face as notes, notwithstanding that the seal of the town may have been placed thereon.

Whenever the town treasurer, therefore, wishes to make a note or notes, he must use only the forms supplied by the bureau of statistics; and the notes must be countersigned and approved by a majority of the selectmen in the presence of the town clerk, who must certify to that fact on the face of the note and affix thereon the town seal in the space provided.

A town note cannot properly be made payable to the town treasurer or the town treasurer or order, but only to the bona fide lender or his order, and the name of the lender and rate of interest must appear on the note before it is offered for certification. It will therefore be necessary for town treasurers to make their arrangements with the prospective lender in advance of making out the note, in order that the latter may be complete on its face when forwarded for certification.

The Treasurer's Record of the Issue of Notes.

The law provides in Section 1 that a record of every note issued shall be kept by the treasurer of the town "in such form as the director of the bureau of statistics may designate." This record is to be kept on the stub to which the note is attached when supplied the town treasurer, and the form of record prescribed to be kept is as follows, the blank spaces being properly filled in by the treasurer at the time of detaching the note and forwarding it for certification:

Treasurer's Record of the Issue of
Note No.........
Town of................

(1) Date of Town Meeting Authorizing Loan ....
(2) Purpose of Loan ....
(3) Total Amount of Loan Authorized $ ....
(4) Amount of Previous Issues of this Loan $....................................
(5) Amount of this Note $............. Date of Issue ....
(6) Balance of this Loan Unissued $ ....
(7) Payable to ....or order
(8) Payable at..........................
(9) Date this Note is Due...............
(10) Rate of Interest....................... How Payable.............................
(Annually, semi-annually or discounted)

Signed by..............Town Treasurer

Countersigned and Approved by:

.... Selectmen
.... and
.... a
.... majority
.... thereof.

In the presence of.............Town Clerk.

The town treasurer must make a record, in the spaces provided on the stub, of the amount of previous issues of the loan in accordance with which the note is issued, the amount of the note and date of issue, and the balance of the loan not issued.

Votes Should Always Specify the Amount of the Loan.

For notes issued on or after January 1, 1911, under the authority of a vote of the town passed prior to that date which did not state the amount of the loan authorized, the words "not stated," if written in after Inquiry 3, on the town treasurer's record, will be accepted as sufficient. In order, however, that the treasurer may keep this

record properly in future, it is necessary that all towns, hereafter, in authorizing the borrowing of money, state specifically the amount which the treasurer is authorized to borrow for a given purpose and this amount must not be exceeded without subsequent authority from the town. All votes hereafter should limit to a specified amount the gross sum which the treasurer is authorized to borrow. The following is suggested as a proper and satisfactory form of vote for borrowing in anticipation of taxes:

Voted, That the town treasurer, with the approval of the selectmen, be and hereby is authorized to borrow money from time to time in anticipation of taxes of the present municipal year to an amount not exceeding in the aggregate dollars, and to issue a note or notes therefor payable within one year, any debt or debts incurred under this vote to be paid from the taxes of the present municipal year.

Limitation Upon Temporary Loans.

The attention of towns is called to the provisions of the Revised Laws, Chapter 27, Section 6, which is as follows:

Cities and towns may by a majority vote incur debts for temporary loans in anticipation of the taxes of the municipal year in which such debts are incurred and expressly made payable therefrom by such vote. Such loans shall be payable within one year after the date of their incurrence, and shall not be reckoned in determining the authorized limit of indebtedness.

Towns are advised that the attorney general has rendered an opinion in this connection as follows:

Section 6, above quoted, imposes no express limitation upon the authority of a town to incur debts for temporary loans, but, by its implication, such authority must be limited to the amount of the tax assessed or to be assessed in the year during which such debt is incurred. Thus, if the debt is incurred before the tax has been actually assessed, its amount must not exceed the amount of taxes to be levied for the year within which such debt is contracted. If the debt is incurred after the taxes have been assessed and before they are collected, it must not in any event exceed the amount of tax money assessed for that year remaining uncollected.

Amount of Loan, As Authorized, Not to be Exceeded.

Some town treasurers in the past have so construed a vote authorizing them to borrow a given amount as permission to borrow on several notes aggregating a sum in excess of the amount fixed in the vote, provided the amount of notes outstanding did not, at any one time, exceed the total amount authorized; that is to say, under authority to borrow $50,000, a treasurer has assumed that he might borrow $30,000 and, upon payment of the same, might borrow another $30,000, the two borrowings aggregating $60,000, or $10,000 in excess of the amount specified in the vote, and so on indefinitely.

Sometimes also when a note falls due an extension of time is granted by means of a "renewal" note, so called, which is given for the whole amount of the note or a part thereof, but while such a transaction may not increase the outstanding obligation of the town, it is nevertheless an additional borrowing for which a new note should be given, and such new note must be complete upon its face and submitted for certification. The amount of the new note, when added to the amount of the original, should not exceed the whole amount originally authorized. Towns which have heretofore construed the law as authorizing them to borrow separate amounts or to "renew" notes indefinitely, so long as the amount outstanding at any one time did not exceed the total amount authorized, are advised to discontinue such practice. The attorney general of the commonwealth has ruled upon this question as follows:

I am of the opinion that the amount of the debt which the town has by vote duly authorized to be incurred may not in any case be exceeded, and that the authority of the town officers in the premises is exhausted when they have once contracted a debt to the extent of the sum set forth in such vote. It follows, therefore, that notes may not be legally issued for debts incurred in anticipation of taxes in any one year when such debts exceed in the aggregate the total amount which the town has authorized to be so borrowed.

Town Clerk's Certificate.

Bound in the book of town notes are forms of certificates to be made out and signed by the town clerk in accordance with the provisions of Section 2 of the law; there is a separate certificate, having a corresponding number, for each note. Provision is made on this certificate for the town clerk to copy the town treasurer's record from the stub and also the exact text of the vote of the town which authorized the loan. If the space provided on the certificate for the latter purpose is not sufficient, the town clerk should use a separate sheet of paper and certify separately thereon to the vote. Having copied the town treasurer's record and the vote authorizing the loan, the town clerk certifies as follows:

I certify that this is a true copy of the Town Treasurer's record of the issue of note No............, and a true copy of a vote passed at a meeting of the inhabitants of the town of......................... duly warned as required by law, which authorized borrowing money as aforesaid, as appears on the records of the town; that said vote is in full force and effect and has not been repealed or modified in any way by subsequent vote of said town; and that the per-

son whose signature appears on said note as that of the treasurer of the town of ...., was the duly authorized treasurer of said town at the date when said signature was made; and that the persons whose signatures appear upon said note as those of a majority of the selectmen were duly qualified selectmen of said town when such signatures were made.

....
Town Clerk.

Date..............

By the provisions of Chapter 27, Section 6, Revised Laws, already quoted, cities and towns may by a majority vote incur debts for temporary loans in anticipation of taxes, and by section 7 may, by a majority vote, incur debts for temporary loans "for the payment of any land damages or any proportion of the general expense of altering a crossing which they are required primarily to pay under the provisions of sections 149 to 160 inclusive, of chapter 111:" and by section 8, it is provided that "debts other than those mentioned in the two preceding sections shall be incurred only by a vote of two-thirds of the voters present and voting at a town meeting." Most notes issued by towns are for money borrowed in anticipation of taxes of the current year, for which only a majority vote at the town meeting is necessary. In all cases, however, when towns desire to issue a note for a purpose requiring a two-thirds vote under the law, the town clerk should supplement the regular form of certificate with a statement certifying that two-thirds of the voters present at the town meeting which authorized the loan approved of the same.

Certification of the Note.

When the treasurer has made his record of the transaction on the stub and the town clerk has filled out his certificate, the treasurer will detach the note and forward the same with the town clerk's certificate and the prescribed fee (see paragraph 9 below) to the director of the bureau of statistics. The director of the bureau of statistics will acknowledge the receipt thereof separately to the treasurer, to the town clerk, and to each selectman whose name appears as having been signed to the note; and each will be required to identify his signature on a form supplied for the purpose. These officials are accordingly advised that whenever they affix their signatures to a note they should carefully observe its number and amount, the date it bears, and the date it is due for payment, and they should also know the date of the town meeting at which the vote authorizing the loan was passed. It is necessary that these facts be remembered in order that the identification certificate may be later made out by them properly.

As soon as the director of the bureau of statistics finds that the note appears to have been duly issued in accordance with the vote of the town and to have been signed by the duly qualified officials thereof, he will so certify on the note in the space provided. Town treasurers should, therefore, understand that they cannot expect by bringing a note in person to the bureau of statistics for certification to have the same certified immediately and delivered to them; such time as may be necessary to permit the director of the bureau to secure identification certificates from the signers to the note must be allowed, and he must, under the law, return the note after certification by registered mail.

The letter to the selectmen and the selectmen's identification certificate will be in form as follows:

B-209

The Commonwealth of Massachusetts.
Bureau of Statistics,
State House, Boston.
Charles F. Gettemy, Director.

................, 19..

To..................................
Selectman
....

Dear Sir:

I am in receipt of a note of the town of .... numbered ...., purporting to have been issued by the Town Treasurer, and countersigned and approved by you, as one of the Selectmen. If your signature to the same is genuine, you will please sign the identification certificate furnished herewith, detach the same and return it to this office in the enclosed envelope. The note will not be certified by me until I am in receipt of identification certificates from a majority of the Selectmen. Prompt attention to this matter on your part will facilitate the speedy return of the note, properly certified, to your Town Treasurer.

Very truly yours,
CHARLES F. GETTEMY,
Director.

Selectman's Identification Certificate.

....
(Town) (Date)

I, Selectman of the town ...., affix my signature hereto for the purpose of identifying the signature which I have affixed to a note of said town, numbered ...., amounting to $.............., dated................, payable............... and issued under authority of a vote of said town at a town meeting duly warned as required by law and held on the........... day of.................., 19..

....
Selectman.

Post Office Address.....................

Publicity.

In addition to the certificate on the face of the note to be signed by the director of the bureau of statistics, the following cer-

tificate will also appear on the back of the note:

The Commonwealth of Massachusetts,
Bureau of Statistics,
State House, Boston.

To whom it may concern:

There have been forwarded to this office, where they may be inspected, a copy of the town treasurer's record of the issue of this note as required by law, a copy of the vote of the town authorizing the loan certified by the town clerk, and a certification by the town clerk that the person whose signature appears upon the note as that of the treasurer was the duly authorized treasurer of the town at the date when such signature was made, and that the persons whose signatures appear upon the note as those of a majority of the selectmen were duly qualified selectmen when such signatures were made.

....
Director, Bureau of Statistics.

LIMITATION OF THE LAW TO TOWN NOTES.

The new law applies to town notes only. That is to say, it is not applicable to notes of cities nor to bonds of either towns or cities. Some towns have hitherto been in the habit of issuing notes for purposes for which bonds might quite as properly and conveniently be issued and when this method of borrowing is pursued, certification by the director of the bureau of statistics is neither required nor authorized.

SAFE DEPOSIT

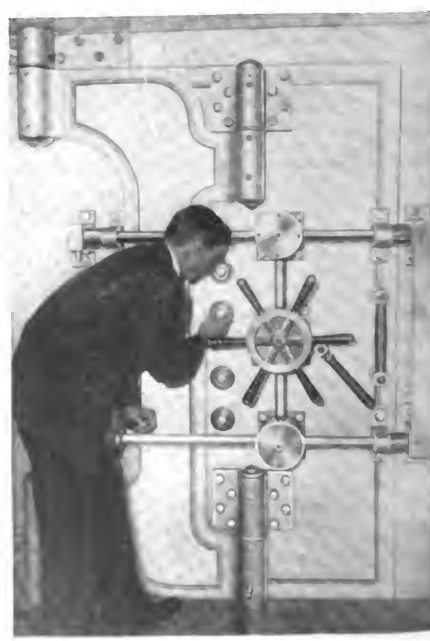
THE NEW VAULT OF THE UNITED STATES TREASURY*

By Waldon Fawcett

THE United States Government is now in possession of the largest and finest safe in the world. It is located deep under ground below the United States Treasury building at Washington, and in this huge strong box it is the intention to keep in storage at all times not less than $500,000,000 in currency. Of course, this new governmental depository of wealth is not a "safe" in the ordinary interpretation of the word, but rather a vault nearly fifty-four feet in length, close to twenty feet wide and about sixteen feet in height.

This new vault, which cost the government more than $34,000, was made necessary by the passage by Congress a few years ago of what is known as the emergency currency act—a new law which provides that in order to have the means at hand to frustrate future panics, the Comptroller of the Currency must henceforth keep on hand at all times bank notes or paper money to the value of half of the capital stock of all the United States national banks in existence. This meant the creation of a new reserve reservoir of $500,000,000 and since the government vaults were already taxed to their capacity to provide for the keeping of the funds on hand, it was necessary to provide a new treasure house.

The new vault in the sub-basement of the Treasury building is two stories high,



THE STEEL DOOR THAT GUARDS HALF A BILLION DOLLARS. IT HAS FOUR COMBINATIONS AND NO ONE MAN CAN OPEN IT. EACH OF TWO TRUSTED EMPLOYEES OF THE TREASURY DEPARTMENT KNOWS TWO OF THE COMBINATIONS

* By courtesy Popular Mechanics magazine.

CHECKING UP THE PACKAGES OF PAPER MONEY IN THE NEW VAULT AT THE U. S. TREASURY BUILDING IN WASHINGTON

and in order to provide storage facilities in the form desired, the entire interior is given over to a series of huge double file cases of sheet metal. These cases are apportioned into pigeon holes—more than 15,000 of them in all—each just large enough to accommodate the standard-size package containing 1,000 sheets of money, each sheet being made up of four bills. Thus each pigeon hole that is filled with one-dollar notes holds $1,000, whereas, if the denomination be $10, the contents of the pigeon hole will total $40,000.

The exterior walls of the new vault are of the heaviest steel construction and the door and the port holes provided for ventilation are closed by heavy steel doors fitted with the latest approved locks of the heaviest and most intricate construction, but the main safeguard for this subterranean wealth lies in an electric protective system that cost $9,000, and which enmeshes the entire vault in a close-drawn network of electric wires—more than seventeen miles of wire in the aggregate—which sounds alarms at any interference. This system is tested every fifteen minutes day and night. The only means of reaching the new vault is by a secret elevator, guarded by Treasury watchmen.

LOOKING FROM THE NEW U. S. TREASURY VAULT INTO THE SECRET ELEVATOR THAT CONSTITUTES THE SOLE MEANS OF INGRESS OR EGRESS

A RESULTFUL CAMPAIGN FOR SAFE DEPOSIT CUSTOMERS

DEMONSTRATING THE INTELLIGENT USE OF NEWSPAPER SPACE

MADISON, South Dakota, is a hustling town of 2,500 inhabitants. That a goodly percentage of its citizens appreciate the advantages of a fire and burglar-proof vault of known strength is evidenced by the success of a safe deposit advertising campaign recently carried on by the Lake County Bank of Madison. Reproduced herewith are a few of the advertisements that were used by this bank in acquainting the public with the fact that the institution had installed a safe deposit vault of modern construction and inviting the public to call and inspect the new equipment.

In commenting upon the use of these advertisements, Mr. John W. Wadden, vice-president of the bank, says that he is more than pleased with the results obtained from their use. Naturally, considerable attention was paid to the wording, but as may be seen, their excellent typographical form appeals to the eye quite as effectively as the arguments set forth appeal to the mind. Mr. Wadden also says that the copy was changed twice each week and the ads. were always run in the centre of the local page. One advertisement of the group shown illustrates how a display may be secured out of all proportion to the actual space used. The two parts of this advertisement are opposite each other, with a column of reading matter between.

It is to be hoped that the safe deposit departments of other banks will come to realize that intelligent advertising is more of an investment than an expense and should not be made "the goat" in attempts to scale down expenses. Advertising and personal solicitation working together can accomplish wonders. If people can through curiosity or genuine interest be induced to call and inspect a vault, with its various sized and various priced boxes, the chances are that many of those who come can be convinced that they are in need of safe boxes for their valuables, and then the renting becomes merely a matter of detail.

SPEAKS FOR ITSELF

DO IT NOW

There are a great many things that could happen to your Valuable Papers and Documents left at home or in your office, that could not possibly happen to them, if placed in one of our Modern Safe Deposit Boxes.

Why take chances? Why not eliminate even the possibility of loss by renting a Box in our New Fire-proof Vault.

This Security and Absolute Protection will cost you but One Dollar a year.

LAKE COUNTY BANK

SAFE CONVENIENT PRIVATE

Are your Valuable Papers now kept in a place where you know they are absolutely safe from loss by fire and other causes?

Ary your Valuable Fapers now kept in a Convenient place, where you may examine or procure them, at a moment's notice?

Are your Valuable Papers now kept in a place, affording you absolute privacy?

If not, we advise your to place them to-day in a Safe Deposit Box.

The rent is One Dollar a year.

LAKE COUNTY BANK

TO THE MAN WITHOUT A SAFE DEPOSIT BOX

Have you now in your possession, one or two, or possibly many valuable papers, such as Deeds, Notes, Mortgages, Insurance Policies and others, that you can ill afford to lose or have destroyed?

Are your valuable papers now kept in a safe place, affording you absolute protection against fire or theft?

Are your valuable papers now kept in a convenient place, where you may examine or procure them at a moment's notice?

Are your valuable papers now kept in a place affording you absolute privacy?

If such is not the case, we advise you to place your papers today in one of our Modern Safe Deposit Boxes; you may then rest assured that they are absolutely Safe, Convenient, and Strictly Private.

The Rent is but One Dollar a year.

LAKE COUNTY BANK

SAFE DEPOSIT BOXES

ONE DOLLAR A YEAR

SAFE DEPOSIT BOXES

ONE DOLLAR A YEAR

YOUR VALUABLES

There was a time when it was popularly believed that Safe Deposit Boxes were for the rich only. But the Public mind is being rapidly disabused of this error.

Everybody has Valuables, not necessarily in Bonds and Stocks, or in Jewelry, but Valuables, and Valuable Papers, none the less Valuable to their owners.

Are your Valuables Safe from loss by Fire or Theft? If not, place them now—to-day in a SAFE DEPOSIT BOX.

ONE DOLLAR A YEAR

LAKE COUNTY BANK

MR. BUSINESS MAN

Do you know that carefully collected facts show that 60 per cent of the portable fireproof safes in Chicago, Portland, Boston and Baltimore fires, and in the San Francisco disaster, were a total loss, together with their contents, but that not a single Safety Deposit Vault was seriously injured?

Mr. Business Man, why do you persist in keeping your valuable papers in a small safe, when you can rent a burglar and fire proof Safe Deposit Box for One Dollar a year.

Have you one good excuse to offer, when you can get Absolute Protection, and every convenience in our Modern Safe Deposit Boxes for One Dollar a year?

LAKE COUNTY BANK

NEWSPAPER ADVERTISEMENTS USED BY THE LAKE COUNTY BANK OF MADISON, S. D.

FOREIGN BANKING AND FINANCE

EUROPEAN

LONDON JOINT STOCK AND PRIVATE BANKS

AN interesting analysis of the accounts of a number of the London joint stock and private banks has been made recently by H. W. Birks and published by Effingham Wilson, London.

BANK AMALGAMATION IN ROTTERDAM

THE Bank of Rotterdam and the Deposito and Administratie Bank, of that city, have combined under the title of the Rotterdamsche Bankvereeniging (Banking Association of Rotterdam). The new capital is about £2,000,000, of which about £1,000,000 is to be issued in exchange for the shares of the existing banks and about £200,000 for working capital, the balance being reserved for future issue.

ENGLISH BANKS UNITE

ANNOUNCEMENT was made recently of the merger of the Carlisle and Cumberland Banking Co. with the Bank of Liverpool, Ltd., of Liverpool, England. Commencing on this merger, "The Statist" says:

In certain quarters there has been evidenced a tendency to decry the policy of amalgamation, which has been prominent among our English banks during the past few years, and chiefly on the ground that the disappearance of local banks has meant an ignoring of local wants and local conditions, the argument being that a board of directors situated in London cannot possibly have the same knowledge of the wants of the community, say, in Cornwall or Northumberland as a local bank with local directors, who are actively engaged in business in the district where the bank is situated; and it is pointed out that whereas previously an application for a loan, for example, was gone into on the spot and immediate attention given to the application, when a bank has been taken over by a big London institution the local manager becomes a mere clerk, with practically no initiative, and is obliged to refer everything to London before action can be taken. In some cases it is possible that such a complaint has some foundation, but in the case of the Bank of Liverpool such a charge would be quite unfounded, for in each of the cases where a business has been acquired by purchase there remains in office a local district general manager, who is granted full powers of decision on local questions without having to refer everything to the head office, so that local needs are fully and promptly met, and depositors and others have the additional satisfaction of the increased strength afforded by reason

of the connection with the larger institution. The proposed amalgamation will doubtless add to the prestige of the larger institution, and the shareholders of the Carlisle and Cumberland Bank will, without doubt, be prepared to accept the better security afforded by the proposed exchange of shares.

THE BANK OF FRANCE

As is well known, the Bank of France is remarkable not only for its great skill in protecting the credit of France and in affording discount accommodations at a low rate, but it is especially notable for the services rendered the small trader. Referring to some of these services, as brought out in the recent annual report of the bank, "The Statist" says:

It may interest the reader to add that more than one-third of the shareholders hold only a single share, and that more than half hold only two shares. In ten years the number of holders of one or two shares have increased from 13,693 to 18,155. There are only 104 holders of 100 shares and more, and only 356 holders of more than fifty shares.

In noticing the report of the Bank of France in former years we have invited the attention of our readers to the unexampled services which it renders to the small cultivator of the land and the small trader. We have done this so frequently that we need not dwell at any considerable length upon the matter now. But the service rendered is of such incalculable benefit to France that we feel it our duty once more to bring it specially to the notice of our readers, for it is extremely desirable that the example set by the Bank of France should be followed here at home. In 1910 the total number of bills discounted by the Bank of France numbered 23,520,889, and the total value was £583,229,232. The bills in number exceeded those of the preceding year by 1,995,917, and in value by £89,774,-320. The number of bills of the value of 5 francs and up to 10 francs, that is, from 4*s.* to 8*s.* of our money, was 334,373; the number of bills over 8*s.* and up to £2 of our money was 2,499,267; the number of bills ranging from £2 to £4 of our money was 1,618,660; and the number exceeding £4 was 3,639,391. From these figures it will be seen that the bills of eight shillings and under were in proportion to the whole number of bills 4.1 per cent.; that those under £2 were in the proportion of thirty-five per cent.; and that those of £4 and under were in the proportion of fifty-five per cent. More than this, the total number

of bills of the value of £4 and under rose from thirty-three per cent. of the total in 1897 to fifty-five per cent. of the total in 1910; from which it is very plain that the small trader and the small farmer are coming more and more to appreciate the immense service done to them by the Bank of France, and are taking advantage of the means thus placed at their disposal of obtaining capital to carry on their business year by year to a much larger extent. Furthermore, it is clear that the Bank itself feels that in catering for the small man it is also advancing its own interests. For if the Bank catered for the small man simply because it was required to do so by its charter and by the pressure of the Government, it is difficult to believe that it would throw so much zeal into the work that in so short a time the proportion of bills of £4 and under would rise from thirty-three per cent. to fifty-five per cent. of the total number of bills. It is unnecessary, however, to argue the matter, for the figures just given make it impossible to contradict the assertion that catering for the small man is highly profitable. The figures just given show how large are the payments made by the Bank to the Government; that, in addition, the Bank, under the latest renewal of its charter, performs all its services as banker to the State free of charge, and that it sets aside not only large sums to its reserves of every kind, but also provides a handsome pension fund for its functionaries, and yet it is able to declare a dividend of fourteen per cent.

GERMAN BANK INCREASES ITS CAPITAL

BESIDES adding some $600,000 to its reserve, after declaring a dividend of ten per cent., the Disconto Gesellschaff of Berlin has increased its capital from about $42,500,000 to $50,000,000. The new capital is taken by a syndicate at about 166 2-3 and will be offered to existing shareholders at 172. The German law requires that premiums received on new capital shall be added to the reserve fund or surplus.

GERMAN SAVINGS AND INVESTMENTS

AS reported in the London "Statist", the Imperial German Minister of the Interior, speaking in the German Parliament recently stated that in 1910 Germany invested 176 millions sterling of capital, of which £26,400,000 were in foreign securities.

During the last ten years the largest amount in any twelve months invested by Germany was in 1909—243 millions sterling.

The smallest amount was in the financial year 1903-4, when the total investments fell to 130 millions sterling. Germany's foreign investments varied from £52,700,000 in 1902-3 to £8,400,000 in 1907-8.

The Minister of the Interior stated that the annual savings of the German people now amount to about $1,000,000,000.

AUSTRALIA

THE following facts in regard to banking in Australia are from a recent issue of the London "Economist":

During the year 1910 the twenty-two banks transacting business in Australia and New Zealand reported net profits amounting to £2,512,348, against £2,479,414 for 1909 and £2,423,568 for 1908. When it is remembered that the total for 1899 was only £908,080, it will be recognized that a great recovery has taken place. But there is ground for the opinion that high-water mark has now been touched. There is little left to be recovered from old debts and advances, their liquidation having been pretty well completed during the last four or five years. Profits now shown arise mainly from the current business. As dividends have been raised by two or three institutions, the amount distributed to shareholders shows increase. For the last three years the allocations have been as follows:

	1908 £	1909 £	1910 £
Dividends declared	1,378,885	1,455,815	1,527,507
Added to reserve funds	751,787	748,250	664,376
Written off bank premises, etc.	91,500	119,500	123,000
Added to balances carried forward, bonuses to staff, etc.	201,396	155,849	197,465
Total	2,423,568	2,479,414	2,512,348

The average rate of dividend on the paid-up capital (mean amount for the year) was 8.123 per cent. for 1910, 8.108 per cent. for 1909, and 7.839 per cent. for 1908; and the average rate on the paid-up capital and reserve funds was 5.379 per cent. for 1910, 5.413 per cent. for 1909, and 5.293 per cent. for 1908. As some of the banks deduct appropriations for the reduction of premises account and grants to the staffs before the profit balance is ascertained, the profit and loss accounts are rather wanting in uniformity. If the appropriations just named were made uniformly after the net profit had been ascertained, the total amount of the net profits would be greater than stated above (£2,-512,348 for 1910).

AUSTRALIAN GOLD PRODUCTION

THE gold production of Australia and New Zealand for 1910 was approximately 3,182,677 fine ounces, compared with a total of 3,435,007 in 1909 and 3,547,210 in 1908.

BANK OF NORTH QUEENSLAND

AT the forty-fifth half-yearly meeting of the shareholders of the Bank of North Queensland, Ltd., held at the head-office in Brisbane January 20, Hon. Robert Philp, acting as chairman of the board of directors in the absence of Sir Alfred Cowley, presented the report for the half-year showing net profits £4,838, which, added to the amount carried forward from the previous half-year, gave an available

balance of £5,662, which was applied to the payment of a dividend at the rate of five per cent. per annum, and to meet the income tax, leaving £2,999 to be carried forward to the next half-year.

The Bank of North Queensland's balance sheet shows a footing of £939,670. The bank has nineteen branches in Queensland and New South Wales and a London office. The general manager of the bank is J. Mackenzie Lees.

JAPAN

THE BANK OF JAPAN

A CONDENSED annual report of the Bank of Japan has just been printed in English, giving the operations of the bank for the preceding year.

In his annual address to the shareholders, Governor Baron Shigeyoshi Matsuo reviewed briefly the prevailing economic conditions in Japan. His remarks indicated that the complaints heard of "bad times" simply meant that conditions were normal, and that there had been a subsidence of speculation. He pointed out that the amount of capital of various companies registered during the year and of debentures issued reached an unprecedently high figure.

Total operations for the year at the head office and branches were: Receipts, 19,360,809,556 yen; payments, 19,341,303,308 yen, an increase of 9,865,631,415 in total receipts and payments compared with the year 1909.

There were notes issued during the year to the amount of 1,703,309,960 yen, and withdrawn, 1,654,448,233 yen.

On December 31, 1910, the notes in circulation and the specie and securities held against them were as shown herewith:

	Yen
Amount of notes in circulation ..	401,624,928
Specie reserve	
Gold coins and bullion	222,382,465
Silver bullion	....
Total specie reserve	222,382,465
Securities	
Government bonds	40,326,680
Treasury bills	49,060,850
Government securities	30,800,000
Commercial bills	18,854,933
Other securities	40,200,000
Total securities	179,242,463

Comparing the above figures with those at the end of the year 1909, there was an increase of 4,539,190 yen in the specie reserve and of 44,322,537 yen in the securities.

Last year the business term of the bank was extended for another thirty years, and the capital increased from 30,000,000 to 60,000,000 yen.

The total assets of the bank at the close of 1910 were 810,046,245 yen.

THE SAMITOMO BANK OF OSAKA

AS shown by the balance-sheet for December 31, this bank had about $22,000,000 of deposits and nearly $27,000,000 total assets. On December 31, 1895, the deposits were only 882,000 yen, while at

the close of last year they were 44,110,000 yen.

The capital of the Samitomo Bank is 1,000,000 yen, and the reserve or surplus 4,550,000 yen. Net profits for the last half-year were 189,402 yen.

K. Samitomo is proprietor of the bank, and K. Makada, manager.

LATIN AMERICA

BANKS IN MEXICO IMPROVING BUILDINGS

WORD comes from Monterrey N. Leon, that the Banco Mercantil will install a two-story fire-proof vault and make other alterations in its quarters. The front section of the vault will be used for lock boxes and a separate entrance to this part of the bank will be provided for the convenience of the general public as well as offices provided with clerks who will have supervision over this part of the bank's business.

The Banco Nacional, Monterrey branch, has just finished a number of important alterations and the enlargement of their fire proof vault.

Plans for the remodeling of the well-known banking house of Patricio Milmo e Hijos are well under way and the work is progressing in a most satisfactory manner. Here there will be new bank fixtures installed throughout, a new fire proof vault is being added, the floor of the bank has been laid with beautiful tile, a steel ceiling has been put in, and the walls replastered, and when finished, which will require a few weeks longer, this banking house will present a most unique and modern appearance.

FORMER MINISTER CREEL BECOMES MANAGING DIRECTOR OF THE BANCO CENTRAL MEXICANO

ONE result of the recent reorganization of the cabinet of President Diaz has been the reëntrance of Hon. Enrique C. Creel into the business of banking. On resigning as Minister of Foreign Relations, Mr. Creel became Managing Director of the Banco Central Mexicano, an institution which he founded and whose success has been due largely to the wisdom with which its organization was planned and the financial ability displayed by Mr. Creel and his associates in its management.

Mr. Creel was formerly Mexican Ambassador to the United States, Governor of the State of Chihuahua, and later Minister of Foreign Relations in the cabinet of President Diaz. He ranks among the wealthiest and best-known men of Mexico.

The Banco Central Mexicano was organized largely through the efforts of Mr. Creel and Mr. Joaquin D. Casasus—also a former Ambassador from Mexico to the United States, and now president of the bank. The Banco Central has $30,000,000 (Mexican) capital, and is one of the very

HON. ENRIQUE C. CREEL

MANAGING DIRECTOR OF THE BANCO CENTRAL MEXICANO

large and successful banks of Mexico. It owns an interest in the principal State banks of the country, and acts as their correspondent and clearing-house agent in Mexico City.

Mr. Creel's high reputation, both as a statesman and financier, will undoubtedly

increase the prosperity and prestige which the Banco Central Mexicano has long sustained, keeping the bank well abreast of Mexico's great credit institutions.

PAN AMERICAN COMMERCIAL CONFERENCE

THE present tremendous activity among manufacturing concerns in the United States with a view to establishing a stable foreign trade, was evidenced two months ago, when over 900 representatives of big American concerns attended the Pan American Commercial conference in Washington, D. C., during the week of February 13-18.

The Pan American Union, under whose auspices the conference was called, has just completed a new $1,000,000 building at the national capital and here the representatives of twenty-one American republics, including consuls and consular assistants, experts from foreign advertising companies, translation bureaus and various shipping interests met with American manufacturers and discussed world markets and world trade.

President Taft, Secretary of State Knox, President Farrell of the United States Steel Corporation, and prominent Latin American ministers who reside in Washington addressed the conference at its opening session.

After the first meeting the program was converted into a series of special talks given by experts in various lines of export trade, consuls of the United States located in foreign points, chiefs of the trade, especially as it concerned their particular bureaus, was the chief subject under consideration. Following each of these talks there was a general discussion in which the various delegates were requested to freely ask questions. These led to the development of many interesting and practical points.

Latin America's need for experienced American salesmen fully conversant with the lines they represent and with the Spanish and Portuguese languages, was impressed upon the delegates in almost every address. While it was admitted that there are at present a number of such commercial representatives in South America it was unanimously agreed that their number is far too small to cope successfully with the myriads of better equipped European representatives.

The question of merchant marine for the United States, as well as improved banking facilities, was frequently discussed, but the consensus of opinion seemed to be that American manufacturers need not hesitate to do business in Latin America because of the lack of such facilities. It is simply a matter of using the facilities which are now available and then gradually developing such industries or organizations as soon as American shipping companies and bankers learn how to handle their business direct.

Discussion of preparation in the United States as well as other American republics for the proper use of the Panama Canal and the benefits to be derived from the new waterway received considerable attention. It was shown that the countries of Europe as well as the nations of the Far East are preparing to use the inter-oceanic cross-cut and all Latin American republics were strongly urged not to fall behind in adjusting matter of traffic through the canal or in securing their share of the advantages which its opening is certain to place in the way of all republics of the western hemisphere.

Between sessions of the conference, John Olt, manager of the foreign department of the Burroughs Adding Machine Company; H. E. Watkins, a representative of that company in South America, and E. S. Newman, the Burroughs representative at Washington, escorted various delegates through the capital buildings, including the census bureau, where 228 Burroughs machines were seen in operation at one time in one room.

Of these machines 156 are of the largest size manufactured, having seventeen columns of keys, and an adding capacity of 9,999,999,999,999,999.99.

One of the features of the conference was the unusual attendance from boards of trades and chambers of commence from all over the United States and Canada. Some of the leading cities in the United States are even now preparing to send representa-

tives to South America to look after the interest of manufacturing concerns located within their borders and especially those firms most interested in securing Latin American Trade.

"CINCHING" CENTRAL AMERICA

(As The Mexican Herald Sees It)

THE careful observer of the gradual unfolding of Secretary Knox's Central American policy will have noted by this time that slowly but none the less surely the republiquitas south of Guatemala have been brought under the financial and political influence of the United States. There is no purpose of annexing any one of them, but they are practically protected countries, though their status is not so clearly defined as in the case of the republic of Panama where the dominant influence is very evident.

The recently signed fiscal convention between the United States and Honduras, which has now to be approved by the American Senate, is a most interesting document. It provides that the United States Government shall guarantee a loan of ten million dollars to be made to Honduras by the banking house of J. P. Morgan & Co. With such an endorser who can doubt the immediate and easy sale of the bonds?

The transaction has a significant implication which is that the United States will keep such good order in the republiquita that meeting the interest on the bonds will not be interfered with; moreover the big and protecting power will keep foreign foes from upsetting Hondurean finances. The role of Honduras will be to remain good and orderly and meet its obligations. Otherwise it will hear from Washington.

Honduras has a nominal foreign debt of $112,000,000, a debt which is largely based on a vivid imagination, so that the present holders of the paper evidences of indebtedness are willing to surrender them for $4,000,000, as stipulated in the convention signed at Washington. It is seriously suggested that the four millions to be paid is just double what the foreign debt really represents of just value.

The remaining $6,000,000 is for contemplated railway construction. It is not much money and will not build much railway, but is wanted by somebody.

Our able contemporary, the Springfield Republican, pertinently observes:

Costa Rica has its foreign debt now concentrated in the National City Bank of New York. Nicaragua, having just passed through a civil war, is under the rule of a president whose successful revolution was due to the moral support given to him by the United States Government. Honduras, the country north of Nicaragua, will come under a real American protectorate if this treaty should be ratified. North of Honduras is Guatemala, and Guatemala is recognized at Washington as being within Mexico's sphere of influence.

This sums it all up very clearly. Central America, that wildly bucking broncho, has been diplomatically cinched. There must be order in the big backyard of the Panama canal.

MEXICAN DEVELOPMENT UNDER DIAZ

THE present half-stifled revolution taking place in Mexico has aroused some apprehension among timid investors regarding their Mexican holdings.

Diaz is a most remarkable ruler, but, despite his faults, has done more for Mexico during the past twenty-six years than was accomplished in the previous 126. When he took the helm in Mexico, in 1884, the finances of the country were in a desperate shape, the treasury was depleted, and foreign investments were unheard of. All this had been changed. Canadian capital by the million has poured into the country for the promotion of power propositions and electric railways. American capital has sought investment in mining and in railroads, while

many millions of British capital has financed the banking institutions of the country and assisted in the development of a score of other enterprises. Under the Diaz *regime* the output of gold in Mexico has multiplied twenty-five times, displacing in a very large measure the place silver previously held in the country. In the same time the production of copper increased from 10,000,000 pounds to around 140,000,000 pounds. In a little over a decade the capital of the chartered banks of the country has expanded more than fourfold.

Today the electric railroads in the cities of Mexico are the equal of any traction system on the continent. The steam railroads of the country have been revolutionized in a generation and now constitute a unified system under government control. In transportation, mining and banking the country has prospered greatly, thanks to foreign capital. The one great industry to lag behind is agriculture. Up to the present time capital, with its magic wand, has not touched it into life, but will doubtless do so ere long.—Canadian "Shareholder."

LATIN AMERICAN NOTES

—From the "Mexico Daily Record" it is learned that H. J. Morden, who was manager of the United States Banking Co., S. A., of Mexico City, at the time of its failure several months ago, has been relieved of all blame in connection with the suspension. The "Record" adds that "Mr. Morden has resided in Mexico for many years and has many friends in this city who are glad to know of the satisfactory ending of his connection with the affairs of the suspended company."

—On January 7, 1911, a law was promulgated by the Government of Bolivia authorizing the establishment at La Paz, the capital of the Republic, of a bank of issue, loans, and discounts, under the name of the "Banco de la Nación Boliviana" (Bank of the Bolivian Nation). The bank is to commence operations with a capital of £2,000,000, or 25,000,000 bolivianos, divided into 200,000 shares of £10 each. The Government of Bolivia will invest £1,000,000 in the enterprise, and the remaining 100,000 shares is to be offered in whole or in part to the public and the banks of issue now in existence. Business will be started with the £1,000,000 contributed by the Government, plus the amount obtained from the sale of shares to the public, even though the full amount of its capital is not entirely paid in, provided, however, that at least 10,000 shares of the stock intended for the public have been subscribed and paid for.

—The twenty-eight-mile section of the Kansas City, Mexico & Orient Railroad between San Angelo and Mertzen, Texas, was opened for traffic April 1.

—In 1910 the profits of the Bank of the Republic, located at Buenos Aires, Argentina, were 1,041,178.59 pesos, or the largest gain enjoyed by the institution since its establishment. Part of the profits of this flourishing bank were credited to the reserve fund, part to free shares, and the remainder to the State.

—The earnings of the Bank of the Republic of Uruguay in 1910 were $1,041,178.59, or the greatest gain that the institution has experienced since its stablishment in 1897. Twenty per cent. of these earnings were applied equally to the amortization of the free shares of the bank and to the increase of the reserve fund. The remaining eighty per cent., or $832,942.87, went to the State as its part of the dividend.

The gains of this bank during the period from 1897 to 1900 were less than $300,000 annually, after which time they increased gradually until in 1908 they passed the million-dollar mark. When the Bank of the Republic commenced business it had a paid-up capital of $5,000,000, while on December 31, 1910, the paid-up capital of the institution was $7,531,181.55. The cash on hand

in the vaults of the bank was $17,823,000 in 1910, as compared with $1,659,000 in 1897. The bank notes in circulation in 1897 amounted to about $400,000, while at the close of 1910 they had risen to the sum of $20,754,000. The deposits on hand in 1897 aggregated $525,000, as compared with $8,000,000 at the beginning of 1910, and the loans of the bank, which in 1897 amounted to $2,850,000, had risen, at the beginning of 1910, to $16,-223,000.

—The Peruvian branch of the Deutsche Ueberseeische Bank of Berlin has placed a contract with the Lima Lumber Mills, Ltd., for the construction of a new building in Carabaya street, to be ready for occupancy in a little over six months. This building will be entirely of reinforced concrete from the base of the vaults to the roof, and will be the first in Lima to be so constructed. The vaults of concrete and steel will be in the basement, the building above ground being of two stories, with a wide frontage, relieved by groups of concrete monolith columns and large windows protected by art iron grille work. The offices of the bank will be spacious and well lighted, as well as luxuriously furnished. This adds one more to the handsome modern business structures in Lima, and gives this strong German banking corporation a home adequate to its needs for some time to come.

—Ernest H. Wands of New York has been appointed by President Estrada of Nicaragua as financial adviser of that government. Supplementing this assistance from an American source, the United States government has met another request from President Estrada by designating Thomas P. Moffatt, American consul at Managua, as a member of a commission for the adjudication and adjustment of unliquidated claims against the government of Nicaragua. These appointments were announced by the State Department.

Owing to sixteen years of misrule by former President Zelaya, according to a statement issued by the State Department, President Estrada, upon assuming office, found the finances of Nicaragua in an involved and entangled condition. He asked the American government to suggest a competent financial adviser and Secretary Knox accordingly submitted the name of Mr. Wands.

RULES AND REGULATIONS GOVERNING THE PENSION FUND OF THE FIRST NATIONAL BANK OF THE CITY OF NEW YORK

THE board of directors of the First National Bank of the City of New York has adopted the following rules and regulations establishing a fund to be known as the "Pension Fund of the First National Bank of the City of New York."

1. The operation of these rules and regulations shall begin on February 14, 1911, and remain in force until suspended or annulled by said Board. These rules and regulations and also the operation of said Fund are at all times subject to amendment, alteration or discontinuance by said Board.

2. The Fund shall consist of contributions to be maue by such employes of the BANK, excepting the president, vice-presidents and cashier as shall subscribe to these rules and regulations. Contributions to the Fund may also be received from the BANK and from other persons and parties. Wherever the word pension is used hereinafter it means a pension payable out of said fund.

3. Each employee of the BANK subscribing hereto, as aforesaid shall contribute annually to the Fund three per cent. of the amount of his salary, payable in equal monthly installments, and the BANK shall deduct from the monthly pay of each subscribing employee such monthly installments.

4. Any subscribing employee upon attaining the age of sixty-five, provided he has up to that time completed fifteen years in the service of the BANK, shall be entitled to a pension and shall retire from service.

5. Any subscribing employee who before attaining the age of sixty-five years shall be incapacitated by ill health or affliction, evidence thereof being given to the satisfaction of the bank, shall, if he has completed fifteen years in the service of the bank be permitted to enjoy the benefits of the pension as provided herein, so long as such incapacity shall continue.

6. The BANK may, in special cases, not herein otherwise provided for in its discretion, grant a pension to any subscribing employee, or member of his family, and in such special cases the determination of the amount and terms of payment of such pension shall be in the absolute discretion of the Bank.

7. The widow of any deceased subscribing employee, who was entitled to a pension, shall be entitled to receive one-half of the pension to which her husband was entitled at the time of his death, but in no case for a longer period than would her husband, had he survived, except as provided in Rule 14.

In case of the death of any subscribing employee who has been in the service of t Bank for at least fifteen years, even though he shall not have reached the age of sixty-five years, his widow, if any survives him, shall be entitled to receive one-half of the pension to which her husband would have been entitled in case of incapacity, as provided in Rule 5. The term of payment of pension to such widow shall be as follows:

A. If her husband's term of service in

the Bank has been less than twenty-five years at the time of his death, she shall be entitled to such pension for a number of years after his death equal to the number of years of his service in the Bank prior to his death, less, however, the number of years during which her husband has been receiving a pension if any under Rule 5.

B. If her husband's term of service prior to his death has been twenty-five years or more, she shall be entitled to such pension for her life.

In case of the death of any subscribing employee who has been in the service of the Bank for at least fifteen years, even though he shall not have reached the age of sixty-five years, leaving children, but no widow, surviving him, such children shall be entitled to receive the pension to which such widow would have been entitled as above provided in this Rule, to be divided equally among them, but the share of any such child shall cease to be payable after any such child shall have reached the age of sixteen, or upon the death of such child prior to reaching such age.

Any pension payable to the widow of an employee shall cease upon her remarriage or death, and thereupon shall be paid for the period during which she would have been entitled to receive it, in equal portions to any surviving child or children of such employee, or to the trustees or guardians thereof, until such child or children shall respectively reach the age of sixteen years.

8. If an employee be in receipt of a pension at the time of his death, the period for which he shall have received such pension shall be deducted from the period during which any pension shall be paid to his widow or children, as aforesaid, except as provided in Rule 14. No pension shall be payable in any case to any widow or child of a deceased subscribing employee for a longer period than would such employee be entitled to receive the same had he survived (except as provided in Rules 7 and 14.)

9. The widow of any subscribing employee who shall have married him after he shall have been in receipt of a pension shall not be entitled to any pension, nor shall the children of such marriage.

10. The children of any deceased subscribing employee who was entitled to a pension, who leaves no widow him surviving, shall be entitled to receive one-half of the pension to which their father was entitled at the time of his death, to be divided among them equally for so long a period as their father would have been entitled to receive the same had he survived (except as provided in Rule 14), but the share of any such child shall not be payable after such child shall have reached the age of sixteen years, and any share of such pension payable to any child shall cease to be payable on the death of such child.

11. In case of resignation or of dismissal of any subscribing employee at any time prior to his attaining the age of sixty-five, all payments made by him to this Fund, less any amount which he may owe to the BANK or the fund at that time, shall be returned to him, without interest. Any dismissal shall rest absolutely in the discretion of the BANK and the BANK'S action in this respect shall be conclusive evidence, both at law and in equity, that such employee has been properly dismissed or required to resign.

12. In case of the decease of any subscribing employee, who has not yet completed fifteen years of service, and who leaves a widow or children, the BANK may, in its discretion, in lieu of granting any pension, return to the legal representatives of such deceased employee, the amount of all payments made by him to the Fund, with interest computed half-yearly to the date of death at the rate of four per cent. (4%) per annum.

13. The amount of the pension payable annually to subscribing employees, according to these rules and regulations, shall be two per cent. (2%) of the average salary for five years previous to the time when any pension hereunder becomes payable, multiplied by the number of years of service for this BANK up to that time, provided, however, that no pension shall exceed thirty-five fiftieths (35/50) of the average salary annually, or $5,000.

14. The term of payment of pension to any subscribing employee, whose term of service in the BANK has been less than twenty-five years at the time he becomes entitled to any pension, shall be for a period equal to the number of years of service to that time.

The term of payment of pension to any subscribing employee, whose term of service has reached twenty-five years prior to the time when he shall become entitled to any pension, shall be for life; and the term of such payment to any widow or children of such last mentioned pensioner shall be, to the widow for her life, to each of the children until each reaches the age of sixteen years.

15. If any pensioned employee shall take other employment without the permission of the BANK, the payment of his pension from that time shall cease.

16. All pensions shall cease upon the bankruptcy of the person or persons entitled to receive the same, or upon his or her taking the benefit of any insolvent law, or upon his or her conviction for felony or misdemeanor, and in the discretion of the BANK, in case of the entry of any judgment or decree or order of any Court of law or equity against him or her; and upon proof to the satisfaction of the BANK of misconduct on the part of any wife or child otherwise entitled to a pension, her or his respective share in any pension shall cease. The BANK, may, in its uncontrolled discretion, renew the pension of any person upon terms satisfactory to the BANK, where the payment of such pension shall have ceased for any of the reasons aforesaid.

17. The management and control of this Fund, the interpretation of these rules and regulations, and the determination of any question arising in connection with either shall rest entirely with the BANK, and its decision or action in respect thereof shall be final and conclusive upon any of the subscribing employees or persons entitled to receive any benefits from such Fund or rules or regulations, and no such employee or person shall have any rights in or to any

part of this FUND, except as and to the extent expressly provided hereunder.

18. No pension shall be payable until payment has been approved and ordered by the BANK.

19. The rate of contribution to the Fund by the employees may be increased or decreased by the BANK in its discretion. It is understood by all subscribing employees and by the BANK as a condition to the undertaking by the BANK of the administration of the pension fund hereunder, that no rights are conferred upon any person or party hereunder other than as are expressly stated in these rules and regulations, or as they may be amended or altered from time to time, and as they may be construed by the BANK.

20. No personal liability shall attach hereunder to any subscribing employee, other than the contribution to the Fund of the annual amount prescribed. The obligation of each subscriber is several and not joint. No officer, employee or director of the BANK shall be personally liable or responsible to any subscriber. The BANK itself assumes no liability except such as is expressly stated herein or in any amendments hereto. In the event of the dissolution of the BANK, or discontinuance of the Fund, the BANK may distribute this Fund and fully account therefor by repaying to the subscribing employees, or their representatives as herein described, the amounts theretofore contributed by such employees, with interest on their respective contributions from the dates when paid in down to the time of distribution at the rate of four per cent. per annum, or so much of the aggregate of such contributions and interest as is in excess of the aggregate of the pensions already paid to the respective employees or their representatives and by repaying the balance of the FUND to the BANK. In any such event all pensions shall thereupon cease. The use of the word "him" or of the word "he" in these rules when referring to any employee shall be construed to refer to female as well as male employees.

Form of Agreement of Subscription to the Pension Fund of the First National Bank of the City of New York.

THE UNDERSIGNED, employees of the First National Bank of the City of New York, for themselves, their heirs, executors, administrators, representatives and assigns, hereby subscribe to the rules and regulations governing the administration of the Pension Fund of the First National Bank of the City of New York, a copy of which is attached hereto, and severally agree to be bound by and to conform to the terms of such rules and regulations and any amendments or alterations therto which may be adopted from time to time by the Board of Directors of said Bank. Each subscribing employee has placed opposite his name below, the date when his term of service for the BANK commenced.

This agreement of subscription may be made in any number of counterparts, all of which shall be delivered to the BANK.

IN WITNESS WHEREOF, the Subscribers have set their names hereto this day of 19 .

Name of Subscriber	Date when term of Service Commenced.

A FAILURE

THAT'S WHAT THE POSTAL SAVINGS BANK WAS IN BINGVILLE WHICH WAS STARTED BY EPH HIGGINS, P. M., AND AFTER BOOMING FOR A FEW DAYS WENT UP THE SPOUT—EPH LOST MONEY BY IT

EPH HIGGINS, our enterprising and accommodating postmaster went and got hisself into a turrible mess last week, and as a result Eph will be a little more careful in the future how he conducts hisself as a servant of the U. S. government. Eph had read somewheres that several U. S. Postal Savings Banks had been started here and there over the country, and being as Eph didn't want Bingville to be behind, he made up his mind he'd start one here. He accordingly set down and wrote out a notice to the follerin effect:

SAVE YOUR MONEY!

This is to notify the citizens of Bingville that I have decided to start a Postal Savings Bank in this office. Being as there ain't at present no bank in Bingville, I calkilate this will be a big accommodation to you. Bring your money here and deposit with me personally. I will pay you ten per cent. interest per annum until further notice. Where can you get ten per cent. on your money in this neck of the woods, hey? Bring on your cash. It will be received with great cheer. Save your money now and it will be a comfort to you in your old age. Delay is dangerous.

EPH HIGGINS,
Postmaster and Prop. of Bingville Postal Savings Bank.

After Eph had wrote out this notice, which it took him a good while to do, being as Eph ain't much of a writer, and by the time he got through he had ink on his fingers up as fur as his elbows, he posted the notice up in a conspicuous place in the

P. O. Then he lit his pipe and set down to wait for results.

The news that Eph had started a Postal Savings Bank spread like wildfire all over Bingville, and it wasn't no time till it was the talk of the town. Everybuddy appeared to think it was a turrible good thing, considering that it paid ten per cent. per annum, whereas the regular banks don't pay more than three or four. Well, Eph hadn't scarcely posted up the notice until Bingville folks begin to lug their money to him in various amounts from a few cents up to as high as $50, which amount was deposited by Cy Hoskins. Eph was kept pretty busy

News of the Bingville Postal Savings Bank spread as fur as the Co. seat, and on last Friday after it had been running three days a stranger arrived in town and called on Eph, who was in the postoffice behind the letter boxes counting his money. "I understand," says the stranger, "that you have started a postal savings bank?" "Yes," says Eph, "got any money you would like to deposit?" "Who gave you any authority to start a Postal Savings Bank?" says the stranger. "That's my business," says Eph, kind of short like. "I reckon you'd better tell me," says the stranger, "being as I am the postoffice inspector."

U.S. POSTAL SAVINGS BANK AT BINGVILLE. THE START

all day taking in money and handing out receipts for same, which he had to write by hand and which took some time. When Eph closed up the postoffice that night he announced that he had over $200, and if folks kept on bringing their money to him at this rate it wouldn't be long before he would have more capital than he knowed what to do with.

In order to show depositors that he was fair and square and was conducting the Postal Savings Bank strictly on business principles, Eph paid the ten per cent. interest on deposits in advance. This made every deposior talk big for the Postal Savings Bank and as Eph himself said if you put your money in a common bank you didn't get no interest on it for a year, but the government pays you your interest in advance.

Eph kind of come down a peg or two when the feller said that, and told him that nobuddy had give him any authority, but that he had started a Postal Savings Bank on his own hook, being as there was Postal Savings Banks in other places and he thort Bingville ort to have one too. The stranger asked Eph if he knowed that he was liable to get hisself sent to the penitentiary for ten years for doing a thing like that. Eph kind of choked and sputtered and turned white around the gills and said no, he didn't. The stranger then told Eph that the only way for him to keep outen jail would be for him to give back every cent he had took in up to date along with ten per cent. on all deposits, which he would have to pay outen his own pocket. It seems that Eph had paid this interest outen deposits which come in.

Well, to make a long story short, the inspector put up a notice in the P. O. that the Bingville Postal Savings Bank was a fizzle and that the money would be returned when receipts for same were presented. A offul rush on the bank follered, and Eph was sweat up until late at night giving back depositors their money. After all the funds had been returned the stranger told Eph that before he started another Postal Savings Bank it would be a good thing for him to speak to the government about it first, unless he desired to spend the remainder of his natural life behind the bars. Then the inspector left town.

Eph figgers that for the short time the Postal Savings Bank was in operation it cost him $13 in interest, and he says he calkilates that while it might be a success in some places it never would be in Bingville.

BANKING PUBLICITY

Conducted by T. D. MacGregor

BANK CIRCULAR LETTERS WHICH BROUGHT RESULTS

USED BY THE FIRST NATIONAL BANK OF ENGLEWOOD, CHICAGO, ILL., IN ITS COMMERCIAL DEPARTMENT

By Elroy M. Phillips

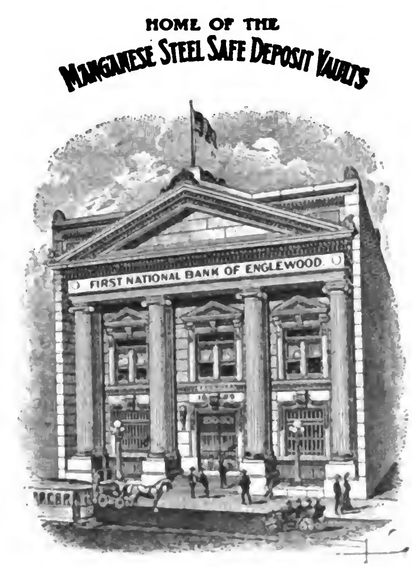
SPECIMEN One of the three letters, printed at the end of this article—I like to think of them as "personal" rather than "circular" letters—was sent out by the First National Bank of Englewood in May, 1910, to 1,150 business firms whose names were not on the bank's books. Before the second letter was mailed, sixty days later, five accounts had been opened from among the names written to, with deposits as follows:

Account	A	$12,500
"	B	50
"	C	103
"	D	50
"	E	85

The last account also had a savings deposit of $700.

Not a bad showing for one letter! If you are interested in a bit of analysis, I might tell you that the owner of Account C had been patronizing a bank eight miles away from his office, yet his office was but one mile distant from the First National Bank of Englewood. The owners of Accounts B, D and E did not know that the bank accepted checking accounts on a deposit of $50. The owner of Account A had merely been waiting "the word" to transfer a portion of his funds from another bank where he had long been a heavy depositor.

Now to offer some criticism of the letter itself as a business-pulling medium. It is frank. It is "snappy". It is vigorous. It is distinctive. The first paragraph begins in an easy, informal manner, and is brief. It is like "the squeeze of a hand" before you start to talk "goods." The first line of the third paragraph, "We require a first deposit of $50 for opening a checking account," discloses the main subject of the letter. Note how soon this line appears and how con-



cisely it is worded. It was good bait and it "pulled.' What follows after this line is largely matter of a general nature.

Specimen Two followed in July to the same list. Between that month and the month of sending out the third letter three

A GROUP OF GOOD EMBLEMS

accounts were opened, with deposits as here shown.

Account	A	$500.00
"	B	312.86
"	C	77.50

Account A was that of a large manufacturing concern which employs four to five hundred men. The company carries its main account in a down-town bank (the First National Bank of Englewood is seven miles out from the centre of Chicago), but arrangements have been made whereby it now pays its employes with checks drawn on the First National Bank of Englewood, so that the men may be brought into the bank's office, and, perchance, encouraged to start savings accounts. Account B was that of a professional man with an office near the bank. Several years before he had gotten started in another bank, and although it was farther for him, had continued to go there. Two letters were needed to dislodge him. Account C represented more *newly-made business;* the owner did not know that the bank accepted checking accounts on a deposit of $50.

EMBLEM OF THE PAUL REVERE TRUST COMPANY, BOSTON

Advice and information—*no charge for either*—are the chief topics of this second letter. The breezy manner in which the subject is introduced, the logical treatment, and the sustained ardor of the letter, secured by crisp, racy sentences and rhetorical style, lend the letter its effectiveness.

Whether specimen Three is a stronger letter or whether it marked a cumulation of effect, is a matter for contemplation. The letter was sent out in September, ninety days after number two, and yielded seven more new checking accounts, with initial deposits as follows:

Account	A	$73.82
"	B	85.36
"	C	390.00
"	D	150.00
"	E	50.00
"	F	100.00
"	G	88.85

In the originals of specimens two and three the first paragraphs were printed in red, the remaining ones being in black to match stationery. All of these letters were printed on a multigraph, signatures were put on by a printing press and the dates and names filled in on a typewriter.

"Facilities"—deposit vaults, separate teller windows for women and men; large private writing rooms, with free telephone privileges, etc., etc.—are the things discussed in specimen three. "These," declare the communication, "have put us 'a league ahead' of the public's demand for *adequate* and *quick* service." Here, again, is a letter written in "straight-from-the-shoulder" talk, the kind every banker should use, when he is writing letters, because it is the only sort which comes to him naturally. Short sentences, fresh phrasing and a lively tone, are the qualities which stamp this letter as a "business-puller." Paragraph five is especially effective because of its novelty, its imme-

diate application and its economic interest. The final paragraph breaks with the unity of the preceding ones to repeat what the first letter had emphasized—the bank's requirements—quite pardonable, since the point scored is a good one.

AN APPROPRIATE EMBLEM USED BY THIS BANK IN BRONZE TABLETS AND STAINED GLASS WINDOW IN THE BANK BUILDING

Letter No. 1.

Dear Sir:

You will agree with us that it is never out of season for the banker and the business man to talk about the advantages of a commercial account. Now—

We wish to talk with you in a "straight-from-the-shoulder" business manner about this subject. We will be brief.

We require a first deposit of $50 for opening a checking account. If an average monthly balance of like amount is maintained we make no charge for handling the account. If the monthly average falls below $50 a charge of fifty cents per month is made. This fee, we might explain, is intended to cover costs of bookkeeping and stationery. We render statements of account to our commercial depositors whenever desired,—regularly the first day of the month—and supply all stationery free, such as check-books, deposit tickets, payroll slips, currency wrappers, etc.

So much for our terms. There may be other points you wish elucidated and we will explain these if you will call or write. We are now serving ten thousand other persons agreeably and with profit to them as well as ourselves—is there any good reason why we cannot serve you in the same way? Our offices are open for admittance from 8 a. m. to 5.30 p. m., except Saturday when we close at noon. Business hours 9 a. m. to 3 p. m., Saturday 9 to 12. We thank you.

Yours respectfully

V. E. NICHOLS,

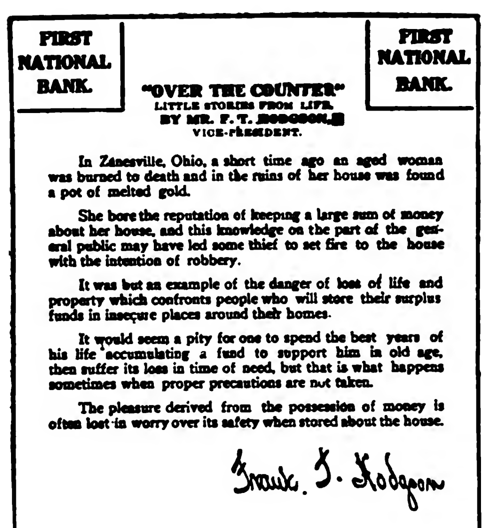
Cashier.

Letter No. 2.

Dear Sir:

"There's a lot of good meanin' folks goin' thru this world friendless that if they could be paired off somehow would make one another's lives reasonably happy."

Yes, siree!—and there's a lot of business men—only half successful, would be at least three-quarters so

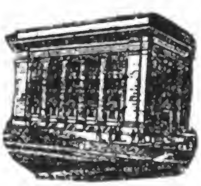


TWO LIVE ONES

THE VIRGINIA NATIONAL BANK NORFOLK, VA.

Every Reader of This Paper

Is asked to read what will be stated from day to day about finance, banking, savings, etc., in this space. Instead of publishing dry and bare financial statements of condition an effort will be made to use "action compelling" arguments of human interest. You should follow them and be convinced of their logic and conclusions and act accordingly.



The Virginia National Bank

Granby St., Cor. Main

INAUGURATING A CAMPAIGN.

This advertisement is the opening gun in a campaign which this bank has started, using advertisements prepared by the Publicity Department of the Bankers Publishing Company. Cashier Hugh G. Whitehead writes: "Enclosed find draft in payment of 'Pushing Your Business' and 160 bank advertisements, which we have begun using by a campaign to be published in our live afternoon paper. The first and second insertions I send you herewith, and you will see that in preparing the first I obtained some phraseology from your book, which I found very interesting and profitable."

if they had a staunch banker friend whose advice they could seek at will and would occasionally follow.

The reason why a prudent business man often goes to his banker friend for counsel is apparent, for whether it be about a purchase, an investment, an extension of credit or the management of a business, the b. f., if he has been long in the business, has had experience which enables him to speak with wisdom and weight.

Advice and information to depositors is a part of this bank's curriculum. It makes no charge for either. In addition to its own experience and observation it has

many reliable channels for drawing upon that of others. Few depositors think as much of a whole month's service of the general kind, as they do of a half nour's attention of the special sort. This bank gives both. The judgment of its officers is at your disposal should you care to consult it. You are invited to call.

Yours respectfully

V. E. NICHOLS,

Cashier.

Letter No. 3.

Dear Sir:

Ever try, in your business, to keep pace with the public?

We've been at it twenty-one years. Eighteen of them we were chiefly behind. Two years ago we caught up. Since that we've been running well ahead.

Our new bank-building did it. The old quarters were cramped and short in the waist. We had no safe deposit vaults, only two teller windows, and no private rooms for patrons' use. If a customer wished to use the telephone he talked over the cashier's wire. If he wanted to write a letter he went into the directors' room.

Now all that is changed. In place of complaints have come congratulations. Deposit vaults, of the strongest steel construction known; separate teller windows for women and men; large private writing rooms with free telephone privilege; a corp of adding machines; rapid money changer; a coin-counter; an addressograph,—these have put us "a league ahead" of the public's demand for adequate and quick service. And we mean to stay so.

Under our new plan for proving receiving tellers the average amount of time required to wait on a commercial depositor is less than one minute.

You may be glad to know that. Glad, also, to know that we have place for the small account as well as the large one. Our requirements for checking accounts—an average balance of $50—prove this. Call and let's talk it over for mutual benefit.

Yours respectfully

V. E. NICHOLS,

Cashier.

HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

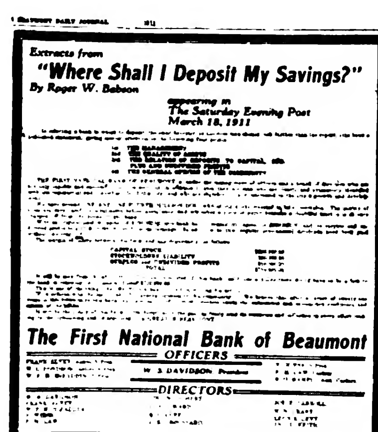
WE reproduce two advertisements showing how banks in two different Southern cities took advantage of magazine articles which gave some good banking advice. In this matter both of these banks displayed sound advertising sense and the effect of the large space advertisements is very strong in the original.

Mr. F. M. Law, cashier of the First National Bauk of Beaumont, writes:

> We are enclosing you herewith copies of advertisements used by this bank in our local papers and will apprecia'e any criticism from you which may suggest itself.
>
> With kind regards and assuring you of our appreciation of this valuable department of your excellent magazine, we are, etc.,

The second advertisement sent us by Mr. Law was a quarter page newspaper display explaining the attitude of the First National Bank towards the opening of the port of Beaumont, a new development which is a topic of great local interest. Part of this advertisement reads as follows:

> With the coming of DEEP WATER our faith in the future of Beaumont and the Beaumont Country is even stronger, if that be possible, than at any past time in her history. With concerted effort on the part of our people, meaning that our resources will be properly developed, no doubt remains that a great city can be built upon foundations already well laid. While this bank prides itself upon its regard for the old ideals of conservatism and safety, at the same time we believe that progressiveness may consistently go hand in hand with these and this bank is today successfully practicing a liberal and progressive



A WIDE-AWAKE ADVERTISER

Have You Read the Article Entitled, "The Young Man's Credit," by R. W. Babson, on Page 33 of the *Saturday Evening Post*, of March 4th, 1911?

Here are some extracts:

"To the young readers of the SATURDAY EVENING POST, I say: Open a bank account; in fact, you should have two bank accounts—one for your Savings, and one for a check account. These should be your first investments.

* * * *

The four cornerstones of business success are:

1. Character.
2. Health.
3. Intelligence and judgment.
4. Credit.

Now, I should like to write upon all four factors, but I shall limit myself to the last, namely, Credit.

* * * *

Although there are many ways of acquiring credit, the easiest, most satisfactory and most useful way is to connect oneself with * * * banks. Many refer to banks only as a place for depositing money; but to me this is least of the many reasons why a young man should have one or more bank accounts. The chief reasons why every young man should have bank accounts are:

1. To establish a credit for later use.
2. To create a source of advice relative to financial matters.

* * * *

Credit, to a large extent, means favorable acquaintance. * * * The young man who is paid weekly should call once a week and deposit his salary in the checking account of a local bank. * * * Once a quarter—when interest goes on deposit in the savings bank—he should withdraw from his checking account, upon which he is not receiving interest, such sums as he desires to deposit in his savings account in the bank. This enables a young man to call at the commercial bank once a week and at the savings bank once a month (or quarter) and thus gradually acquire the acquaintance and good will of both institutions, which means credit.

* * * *

I urge young men to carry good accounts. Don't be stingy with a bank. REMEMBER, THAT IT WILL SOME DAY BE YOUR BEST FRIEND. If you wish to use the bank later allow it to make money on your business now * * * Remember, that credit, like everything else that is good, cannot be obtained quickly or FOR NOTHING, but has its price, as explained above.

* * * *

There are other reasons why young people should open bank accounts. It is very advisable to pay bills by check. This not only safeguards one by having an automatic receipt, but it makes a good impression on the merchant to receive a check from a young man. It shows a merchant that the young man has a bank account and thus the young man indirectly establishes a credit with the merchant. Having bank accounts enables one quickly to cash checks, remit money, give references and serves a host of other purposes in addition to aiding in the establishment of a credit. Therefore, I urge you, young men, to have two bank accounts at the earliest age possible and to deposit systematically and often in said accounts, allowing them to grow to such proportions that the banks will be under obligations to you and will do their utmost to help and serve you in order to hold your good will and deposits.

* * * *

The best way for the reader to obtain honest, intelligent information as to investments, or as to bond houses and stock-exchange firms, is through some bank in which he has an account of sufficient size to cause this bank to give him time and thoughtful attention.

* * * *

Therefore, I URGE ALL READERS to have two bank accounts—first, for the purpose of gradually establishing a credit; and, second, for providing a source of supply for financial and business advice. The small investor who starts out in this way is BUILDING HIS HOUSE UPON A FIRM STONE FOUNDATION. * * * Good advice—like everything else that is good—cannot be obtained without giving something in return, and the young man who sometime may desire the aid of one or more good banks should SART IN AT ONCE AND GIVE THOSE BANKS A GOOD ACCOUNT."

* * * *

THE AMERICAN NATIONAL BANK takes care of the small depositor and small borrower. We realize that although to-day's business may depend upon how the large depositor is treated, yet our growth and our condition TWENTY YEARS HENCE depend upon how we treat the small man who now has only a few hundred dollars (or less) in his account, but who is endeavoring to establish a small credit. We began this policy October 23, 1900, when we were established, and have KEPT IT UP EVER SINCE. Our large present business bears eloquent testimony to the wisdom of this policy.

American National Bank.

policy with the people of Beaumont, which is at the same time consistent with sound banking.

For many years the management of this bank has emphasized the importance of high standards and the square deal. We have always insisted that this bank should be a safe, sound, honorable, and conscientious bank, believing that this policy would prove best in the end. History proves that the safe bank is the useful bank, and for over two decades this institution has been useful in serving and encouraging the commercial and industrial life of this section.

Customers and prospective customers are cordially invited to investigate the business methods of this institution and to form an accurate acquaintance with our policy and with our officials.

To use a slang expression, it is the banker who is "Johnny-on-the-spot" when things happen which may be of advantage to his institution who gets the best results from his advertising. A little of the reporter's "nose for news" is not a bad thing for bankers who advertise.

More and more the banks are coming to realize that it is possible to make statement folders attractive and effective from an advertising standpoint. The First National Bank of Cleveland, O., ornamented the back of its March 7 statement of condition with a large cut of the splendid front of its banking building, printed in brown ink on smooth paper, the name of the bank being printed across the picture in orange ink. The Bank of Pittsburgh, National Association, for its statement of the same date, uses a very fine grade of deckle-edged paper and illustrates the folder by a representation of an oak tree, in the roots of which is an acorn containing a picture of the bank's building in 1810, and in the widespreading branches is a picture of its edifice in 1911.

The Mingo County Bank of Williamson, W. Va., uses the front cover of its statement folder for a good savings advertisement.

The Sedan State Bank of Sedan, Kan., sent its March statement out on a good picture postcard.

The Cedar Rapids (Ia.) Savings Bank sends out with its statement several pieces of printed matter which have a genuine, hearty ring to them. Here are a few paragraphs:

> To the end that we may, during this year, win much new business and many new depositors, we refer freely to the many who now are favoring us with their patronage

and confidence. They will speak in the highest terms of the uniform courtesy extended them and the fidelity of our service.

We are just as deeply interested in and appreciate those to whom we refer, the great army of patrons of this bank who are so ready to certify to their satisfaction in having given us their patronage.

And those who, for one reason or another, may have been using their savings or surplus money in paying for a home, or in other investment, but who are ready again to patronize a savings bank, either as a depository for savings, or for funds temporarily held for certain use, or for an opportune investment, and who wish to receive interest thereon in the meantime, will be again welcome at our counter.

Those who are already on our books as customers are invited to make more frequent use of their deposit books. Do not carry your money around with you. Do not wait until you have a "certain sum" to deposit, nor hold it because you may wish to use it in a "day or two," but bring it in, then, when you want it, call on us for it, or advise us and we will send it to you.

Last month we referred to a tobacco-growing contest conducted by a Southern bank. The Boston *Transcript* tells of a "cattle and hog" contest conducted by an Asheville bank and trust company in order to encourage stock raising in western North Carolina. For the best steer under three years of age raised by a farmer west of the Blue Ridge mountains and sold at Asheville between next October and the following April, the bank will pay a prize of $50, with another of $25 for the "second best." For the best pig under ten months old so raised and disposed of a prize of $25 will be given, with $15 as a second prize. In that section of the State much has already been done of late to stimulate agriculture and stock raising, and in the contest devised by the bank the competition will undoubtedly be great.

The advertising moral is obvious. A bank, like any other business, must grow, if at all, by the infusion of new blood. It must continually lengthen its list of depositors, either by seducing customers from other banks, or—this being the permanent and the decent method of growth—by so effectively promoting the interests of the community that persons who have had little occasion to make use of banking facilities shall be enabled to open accounts. Of course this is not to say that there is no other direction whence legitimate growth may come. In every city and town there are many persons who might and should, but who do not maintain bank accounts; and such may be influenced by a newspaper "campaign of education" or the sight of a new bank building or the commendatory word of an official or patron. In general, one may say that everything which tends to attract attention —favorable or admiring, of course—tends to build up the bank.

Such publicity is worth paying for, since it yields more than it costs. The prize contest of the Asheville institution, by encouraging stock-raising in its locality and improving the grade of stock, will literally create depositors, a single one of whom may enlarge the bank's profits by many times the amount, only $115, that the competition will cost. In the last analysis the bank is not so much altruistic as businesslike; but its selfishness is enlightened selfishness, of the type that commends itself to progressive people. In an urban community a newspaper "campaign" would serve the same general end, perhaps more speedily, but the Asheville method is probably the best for Asheville. The important thing is, whether in city or country, that a bank should make sure of advertising, plenty of it and the right kind of it, and then should live up to it.

AN UNUSUAL BOOKLET

AT this season of the year garden making occupies the attention of a great many people in the smaller communities and in the suburbs of the larger ones. Anything giving help or suggestions along this line is eagerly read by those who find pleasure and profit in raising flowers, fruits and vegetables. The Citizens Savings & Trust Company of Cleveland, which is a consistently good advertiser, has issued a second and larger edition of its booklet, "Growth", which illustrates in natural colors the monthly combination effects of hardy flowers and explains their care and growth. The booklet points the moral that an account in its savings department will form the nucleus of a fund which will grow to substantial proportions. Attention is also called to the uninterrupted growth of the institution.

BOOKLET EXCHANGE

Our Readers Take Kindly to the Plan Proposed

SUFFICIENT interest has been aroused in our proposal to get up an exchange of booklets, circulars, etc., among men interested in bank advertising to warrant our publishing a preliminary list of names and addresses of persons willing to exchange advertising matter in this way.

Some of those in the list have written giving their consent; others we are putting in "on

Corn Exchange National Bank

PHILADELPHIA

Deposits From Comptroller's Statements

1907, December 3rd	$12,890,803
1908, February 14th	15,363,094
1908, November 27th	18,508,103
1909, February 5th	18,853,806
1909, November 16th	19,004,412
1910, January 31st	19,234,283
1910, November 10th	20,988,414
1911, January 7th	21,539,035
1911, March 7th	22,956,765

If you do not know WHY we have grown since 1907, ask our customers

A STRONG ADVERTISEMENT.

---

suspicion," on account of previous interest they have shown in this department.

The first letter we received was from Mr. John W. Wadden, vice-president of the Lake County Bank, Madison, S. D., and reads as follows:

In response to an article which appeared in your good magazine of March, we beg to state, that we will be very glad to have you place our name on your proposed exchange list. We will also be pleased to forward to your Advertising Department any new matter that we may get out.

Trusting that many bankers will receive your suggestion favorably, and act accordingly, I remain

Yours very respectfully,
JOHN W. WADDEN.
Vice-President Lake County Bank, Madison, S. D.

Consequently, Mr. Wadden's name, like Abou Ben Adhem's, leads all the rest.

Mr. Arthur S. Cory, cashier of the Chehalis (Wash.) National Bank, is another interested in this plan. He writes:

Your offer to print the names and addresses of bank advertising men who desire to exchange ideas, booklets, etc., is a good one. By all means get up such a list of live wires, and give us the addresses.

It will prove a fine thing for those of us in the country banks, and perhaps not hurt our city friends.

Personally, I wish to commend the manner in which you are handling the Banking Publicity department. This and the Safe Deposit feature are a big aid to the average young writer. I am frank to say that I have patterned several ads. after those appearing in your columns. As I understand it, this is what you are running them for, and as the old saying is: "Imitation is the sincerest flattery," the authors of the original advertisements should take no offense.

We have two weekly papers here, and we change our ads. every week, generally running the same ad. in both papers the same week.

Put the writer's name on the list first referred to.

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

W. H. Kniffin, Jr., Home Savings Bank, Brooklyn, New York City.

R. B. Parrish, Mingo County Bank, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Company, Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Go ahead, gentlemen, exchange your advertising matter, but do not forget that this is a tri-angular affair and the BANKERS MAGAZINE wants to receive samples, too.

Others can get on this preferred list by writing in promptly.

Organized in 1784 by Alexander Hamilton

The Bank of New York

National Banking Association

48 Wall Street

Capital and Surplus, $5,500,000

We invite correspondence from *Commercial Banks, Savings Banks* and *Trust Companies* with a view of becoming their Reserve Agent.

We are in position to loan them on their Commercial paper or other Securities when they desire such facilities.

We can purchase Commercial Paper or make Loans in the New York Market for their account when they have surplus funds, and will advise with them as to Investments.

We can enable them to handle the Import and Export Business of their Customers at very low rates of commission, as we have exceptional facilities in these lines and in all departments of the Foreign Exchange business.

We can perform for our Banking Depositors practically all the functions of the suggested Central Bank and will allow interest on their Reserve Balances.

Make Us Your Reserve Agent

A NEW AD. FOR AN OLD INSTITUTION.

BOOK REVIEWS

Inheritance Taxes. By Hugh Bancroft: Boston News Bureau. (Price, $1.00.)

There are few questions so important to investors as that of inheritance taxes, and there are few subjects so little understood. Most of the inheritance tax legislation is new—the Acts in nineteen States have been passed since the end of 1908. All but ten States have an inheritance tax law of some sort.

Until the publication of this book there was no single source from which the investor could get concrete and definite information about inheritance taxes. Mr. Bancroft's work has made that possible. The first part of the book discusses—in a lucid and readable way—the general subject of taxes on inheritance. The rest of the volume is devoted to a digest and description of the laws of the various States.

The book fills a great need.

Railroad Administration. By Ray Morris. D. Appleton & Co., New York. (Price, $2 net.)

More information about the administration and operation of a railroad (and all presented in a clear and readable way) is contained in Mr. Morris's book than in any other work we have ever seen.

The idea of this book is to tie together the study of the various branches of railroad operation as the general manager of a road has to tie them together. The general manager often finds that his mechanical engineers are more interested in their own special kinds of records than they are in the broad welfare of the property. Yet the general manager of a small road or the vice-presidents or president of a big one have to coordinate the work of all these specialists to the common good. In a word, the work is intended to help broaden the young specialist by giving him an idea of the relation of his specialty to the entire program, and it is also intended to give the non-technical man a general idea of how the general problems in administration are gotten at.

Railroad Traffic and Rates. By Emory R. Johnson, Ph.D., and Grover G. Huebner, Ph.D. D. Appleton & Co., New York. (Price, $5 net.)

This book has been written mainly to meet the demand of men in the railway service for complete and authentic information regarding traffic services and rate systems. It is not an attack upon railroads, nor a defense of them. It is an exhaustive account of the intricate and detailed work conneced with railroad traffic and rate making. It is not the result of a few months' labor. The authors have given the subject years of study, and have received information and advice from many prominent railway officials and other traffic experts. The volumes are thus written by university professors with the assistance of practical railway men.

How to Systematize the Day's Work. *System*, Chicago. With a year's subcription to *System*, $2.00.

This book contains plans to increase the working efficiency of any desk man, whether clerk or executive. It is a help in managing the work of to-day and in planning the work of to morrow—in working, thinking and money-making along the lines of least resistance.

Science of Organization and Business Development. By Robert J. Frank, LL.B., Chicago: Chicago Commercial Publishing Co.

This is a treatise on the law and science of the promotion, organization, reorganization and management of business corporations, with special reference to approved plans and procedure for the financing of modern business enterprises. It contains a great deal of valuable information for all having relations with corporations.

A Rational Banking System. By H. M. P. Eckardt, New York: Harper & Brothers. (Price, $1.50.)

Believing thoroughly in the branch banking system, and having a practical knowledge of it through his long association with banking in Canada, Mr. Eckardt is well qualified to set forth the special advantages of that system. He points out the weak features of a number of small isolated banks, and shows how branch banks would furnish greater safety and efficiency.

While there is undoubtedly a strong sentiment in this country against the adoption of the branch banking system, that sentiment appears to be in process of modification, as shown by the introduction of branch banking into some of the State systems and a provision for it in the plan recently put forth by Mr. Aldrich. Certainly, no well-informed banker can afford to be ignorant of the special merits of branch banks, and we do not know of any better source of information than that furnished by Mr. Eckardt in the volume under review.

Mr. Eckardt has not only had experience to guide him, but he has written much on banking subjects, and always with evidence of thorough knowledge and sound judgment. "A Rational Banking System" is a worthy contribution to the literature of banking.

REMINISCENCES OF THE GENEVA TRIBUNAL OF ARBITRATION. By Frank Warren Hackett, Boston and New York: Houghton Mifflin Company. (Price $2.)

At the present time, when the subject of international arbitration is engaging so much attention, and when Great Britain and the United States seem to be on the point of concluding an arbitration treaty somewhat in advance of anything heretofore attempted in this direction, Mr. Hackett's volume will prove of special interest. He deals with this great historic event from the vantage-ground of one who had an inside knowledge of the proceedings, and has produced a valuable contribution to history and a readable book besides, for the account of the conference is interspersed with many personal reminiscences of an interesting character.

The Geneva Tribunal, which awarded to the United States $15,500,000 on account of the "Alabama" claims, and which cleared up a controversy that at one time threatened to bring on war between this country and Great Britain is now so far removed to the background of history as to be discussed without bitterness on either side. Mr. Hackett presents an impartial account of the conference and draws strong pen portraits of the notable men who participated in it.

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

PEOPLE'S NATIONAL BANK, CHARLESTON, SOUTH CAROLINA

IN the latter part of March the People's National Bank of Charleston, South Carolina, moved into its new eight-story bank and office building, just completed, and which is not only the largest and most modern business building in Charleston, but a structure creditable to a city of much greater size. The building is admirably located in the commercial centre of Charleston, and the offices command a fine view of the city and the beautiful and historic harbor, combining with a charming outlook the assurance of coolness in summer and perfect light at all times.

The erection of this splendid new home for the People's National Bank is due to the energy and foresight of Hon. R. G. Rhett, president of the bank and mayor of Charleston.

DESCRIPTION OF THE NEW BUILDING.

It was aimed, in the erection of the new building, to produce a thoroughly modern structure but one which would harmonize with the solid modern colonial architecture of which Charleston furnishes so many notable examples. With this end in view, Mr. Victor Frohling, the junior member of the firm of Thompson & Frohling, New York, the architects of the building, visited Charleston and very carefully studied all the requirements of the situation. Mr. Frohling is a graduate of the University of Stockholm, and has also studied in France and Germany. A contract was made with his firm for the erection of a building on the lines indicated, and the result was highly satisfactory, the strong appearance, combined with the pleasing design and outlines, firmly establishing the approval of the conservative population of Charleston for what is, comparatively, a "sky-scraper", and winning the admiration of all visitors.

The building is entirely fire-proof, being steel frame construction, with granite for the first two and a half floors, brick for the next five floors, and terra cotta for the eighth floor, and a very handsome copper cornice.

The corridor is marble, as also are the wainscoting and pilasters of the banking room. This latter is twenty-five feet broad, running the entire depth of the building, which is 120 feet. The bank occupies, also, the entire rear of the building, and a portion of the mezzanine floor. The ceiling of the banking room is twenty-one feet high, very handsomely ornamented.

The building contains 97 rooms, exclusive of the first floor. It is 105 feet high, and is built upon concrete piles in groups, each group being cemented together for about five feet with solid re-enforced concrete mass.

The vault was constructed by the Herring-Hall-Marvin Safe Company. It is eighteen feet long, nine feet wide and eight

and one-half feet high, interior measurements, and has 400 boxes for customers on one side, with space left for 400 boxes more on the other side. The rear of the vault is partitioned off for the bank, containing special safety vaults for currency and securities, and special combination and locks. The vault has a twelve-foot round door, seven feet in diameter, with all the latest appliances. The vault is also protected with an electric alarm.

The building was constructed by the Hedden Construction Company, 1 Madison avenue, New York, the same firm which built the Metropolitan Life Insurance Company's building. The structure cost about $325,000, and the Metropolitan Life Insurance Company has a mortgage on it for $150,000. The Hedden Construction Company was the lowest of a large number of bidders for the work.

Progress of the Bank.

The People's National Bank was organized in the latter part of 1865 by Donald L. McKay and James S. Gibbes. Mr. McKay was the first president, and H. G. Loper the first cashier. The capital stock was $200,000. The board of directors consisted of D. L. McKay, J. S. Gibbes, Wm. Aiken, E. H. Rodgers, I. S. Riggs, H. Cobia and J. C. Farrar. The bank was opened for business on January 2, 1866, with Lewis F. Robinson and O. Wilkie as tellers, J. F. Roberts as bookkeeper and C. H. Simonton as solicitor. The bank opened for business in the quarters it is just moved from, paying for rental $600 per annum.

In April, 1866, the board resolved to increase the capital stock to $300,000, but the Comptroller of the Currency declined to allow the increase, because of the inability of the Department to furnish circulation. The board then offered to increase the capital stock without the privilege of increase of circulation, which was accepted, and the increase to $300,000 permitted.

On September 17, 1866, the following resolution was adopted by the board of directors: Resolved, That the books be opened on October 1 for additional capital to the amount of $700,000.

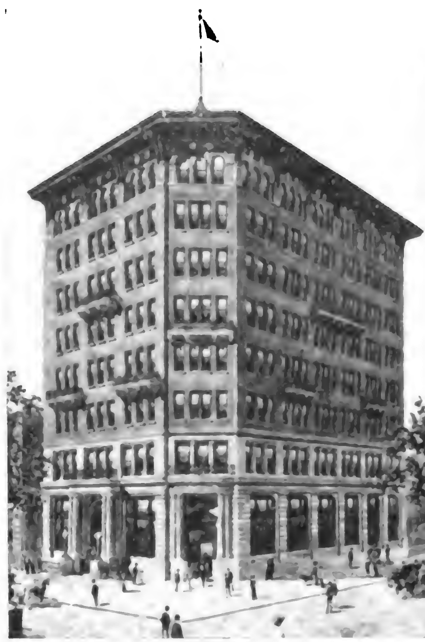
On February 11, 1867, E. H. Sparkman, the present vice-president of the bank, was employed in the capacity of clerk, and also Mr. Arthur Lynah, now president of the Miners and Merchants Bank. On April 13, 1868, C. O. Witte was elected a member of the board in place of J. C. Farrar, resigned.

On January 13, 1869, Donald M. McKay, the president of the bank, died and was succeeded by Henry Cobia.

On March 1, 1869, the bank purchased the building at Broad street for the sum of $15,000, occupying this building until moving into the new building.

On February 13, 1870, H. Cobia, the president of the bank, died, and was succeeded by C. O. Witte, with the following directors: Messrs. J. S. Riggs, C. H. West, W. K. Ryan, J. L. Caldwell and J. S. Gibbes.

The full increase of capital not having been subscribed, the board passed the following resolution on December 27, 1870: Resolved, That the capital of this bank be



NEW HOME OF THE PEOPLE'S NATIONAL BANK, CHARLESTON, S. C.

increased by subscription to make the total capital of the bank $750,000.

On April 20, 1871, the number of directors was increased from seven to eleven, and Messrs. A. Lenick, A. Lathers, Geo. W. Witte and Edwin Bates were elected to fill the increase.

On June 26, 1871, the board of directors passed the following motion: "In view of the increased demand for the stock of this bank, and the wants of the public, be it resolved that the capital be increased by $250,000, extending same to $1,000,000. On March 15, 1877, the capital was reduced to $750,000, and on November 22, 1880, it was still further reduced to $500,000, and on March 4, 1886, to $250,000.

On November 27, 1899, C. O. Witte disposed of his interest in the bank and retired. R. G. Rhett was elected his successor on the same day. The board of directors was increased to fifteen, and the following elected: Messrs. Chas. O. Witte, Chas. H. Drayton, A. B. Murray, A. F. C. Cramer, Moses Lopez, Joseph Thompson, W. B. Whaley, Jas. F. Redding, R. G. Rhett,

C. Wulbern, Samuel Lapham, W. J. Storen, Wm. E. Holmes, W. B. Wilson and R. Allan Tucker.

On April 1, 1901, the capital stock was increased from $250,000 to $300,000, and on January 3, 1911, it was still further increased from $300,000 to $500,000.

The present members of the board of directors are: Messrs. R. G. Rhett, E. H. Sparkman, A. B. Murray, W. B. Whaley, Samuel Lapham, Henry W. Frost, J. H. C. Wulbern, C. Bissell Jenkins and E. P. Grice.

The officers are: R. G. Rhett, president; E. H. Sparkman, vice-president, and E. P. Grice, cashier.

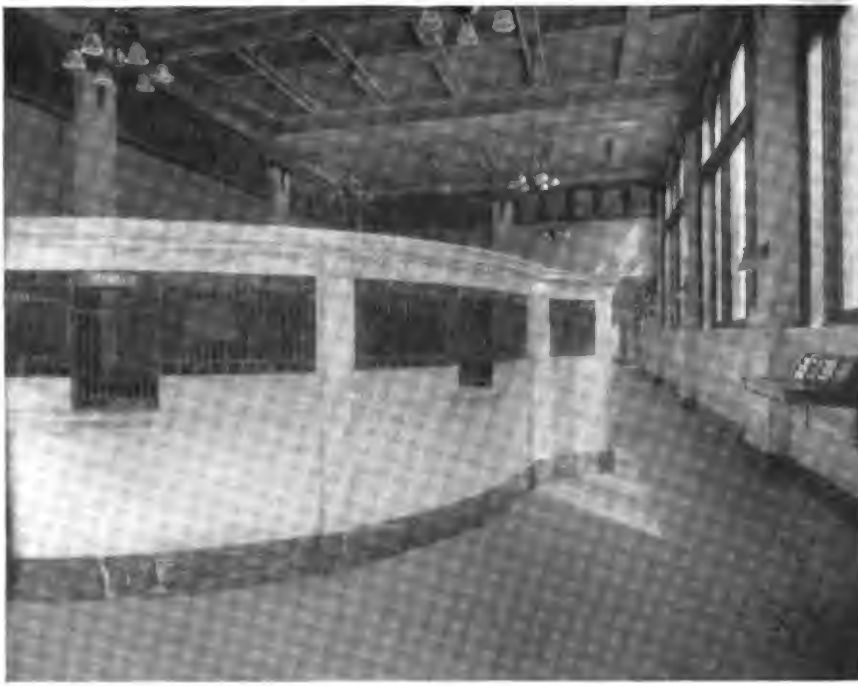
The employes of the bank are: T. R. Stickney, E. R. Croft, J. L. Walpole, W. E. Gantt, D. S. Lesesne, E. E. Reid, W. H Hay, K. E. Bristol, J. B. Hamlin, H. B. Sparkman, J. B. Riley, L. M. Withers and M. A. Burden.

Hon. R. G. Rhett

MAYOR OF CHARLESTON, S. C.; PRESIDENT PEOPLE'S NATIONAL BANK, CHARLESTON.

The President of the People's National Bank.

Hon. R. G. Rhett, president of the People's National Bank of Charleston, ranks among the leading men of the South. His connection with the bank, as stated above, dates from November, 1899. In December, 1903, he was elected mayor of Charleston. His term expires in December, 1911, and he is not a candidate for re-election, wishing to devote his time to the building up of the bank. As mayor he has been energetic in advancing the city's welfare. One of the notable improvements inaugurated by him is the building of an extensive and beautiful seashore driveway, involving an expenditure of about $250,000. The cleanliness of the



MAIN BANKING CORRIDOR

A GLIMPSE OF THE WORKING SPACE

LADIES' DEPARTMENT

LOOKING TOWARDS THE SAFE DEPOSIT VAULT

streets, and the general excellence of the municipal administration have attracted favorable comments from residents and visitors.

Mr. Rhett has made a thorough study of our banking and currency problems, and at the annual convention of the American Bankers' Association at Los Angeles, California, in 1910, presented a plan of currency reform which is undoubtedly as sound in principle and probably more practical in its details than any yet proposed.

The splendid new home of the People's National Bank was made possible by Mr. Rhett's energy in securing the coöperation of a number of the leading business men of Charleston, who not only became financially interested in the enterprise, but many of them agreed in advance to lease offices in the new structure.

As will be seen from the illustrations, the banking rooms are large, modern and well equipped. In its new home and with increased capital the People's National Bank is more adequately fitted than ever to meet the banking needs of its local depositors and of its numerous correspondents.

A statement of the bank at the close of business January 7, 1911, will be found of interest:

RESOURCES.		
Loans and discounts		$2,693,791.97
United States bonds		301,000.00
Other bonds and stocks		237,052.00
Banking house		10,000.00
Furniture and fixtures		9,021.65
CASH RESOURCES.		
In bank	$225,460.95	
Ex. for clearing house.	53,410.69	
Due from reserve agts.	204,123.07	
Due from other banks	265,409.02	748,403.73
Redemption fund		15,000.00
Total		$4,014,269.35
LIABILITIES.		
Capital		$300,000.00
For increase of capital		200,000.00
Surplus		100,000.00
Undivided profits		51,615.54
Circulation		300,000.00
DEPOSITS.		
United States	$ 1,000.00	
Bank	1,031,749.68	
Individual	1,754,804.13	2,787,553.81
Rediscounts and bills payable..		275,100.00
Total		$4,014,269.35

HOME OF THE DISTRICT NATIONAL BANK OF WASHINGTON, D. C.

THE DISTRICT NATIONAL BANK OF WASHINGTON, D. C.

ROBERT N. HARPER
PRESIDENT

IN a little more than the eighteen months which have elapsed since its organization, the District National Bank of Washington, D. C., has established a reputation for strength and conservatism that reflects great credit upon its founders.

The bank had hardly got under way before architects were consulted with a view towards drawing up the plans for a modern fireproof bank and office building, to be owned and controlled by the District National Bank. This structure, reproduced herewith, was thrown open to the public last December; its many distinctive features have called forth much admiration and praise.

Milburn, Heister & Co., of Washington, designed the building and planned the arrangement of the banking room; the construction work was placed in the hands of W. P. Lipscomb & Co.

DESCRIPTION OF THE NEW BUILDING.

In the construction of the new quarters the bank has spared neither pain nor expense that its customers may be served with comfort, convenience and promptness. Each

department is modern in arrangement, equipment and efficiency.

Upon entering the banking room, one is immediately impressed with the beauty, utility and convenience there combined. The quiet dignity, the harmonious color scheme, with the ample volume of light that floods the interior, all reflect a careful study of what is required of a modernly constructed banking room.

The main banking room is elegantly lighted and ventilated, both by windows around the mezzanine, and ceiling lights over each of the tellers' cages, as well as over the vice-president's and cashier's offices.

The predominant color scheme for the walls is old ivory, with the high lights and ornamental work of Dutch metal, while the counter screen is made of natural bronze, sienna marble and East India mahogany, with Ceramic tile of special design and color for the floor covering.

President's Room.

On the right of the entrance to the banking lobby is the president's room.

It is handsomely decorated and furnished in mahogany, hardwood flooring and Turkish rugs.

The selection of the immediate front of the banking room for this officer was for the purpose of enabling him to become personally acquainted with the patrons of the bank and their wants, and to make it possible for them to confer with him freely, without unnecessary formality, upon all propositions pertaining to their banking business, assuring each of his personal consideration in detail, on all subjects brought to his attention.

For the convenience of its customers, the bank has located the offices of the vice-president and cashier where they have an unobstructed view of the main banking room and are readily accessible to the public at all times. These offices are separated from the main corridor by a low railing of bronze marble and are furnished after the style of the president's quarters.

MAIN BANKING ROOM

Adjoining the offices there is a private consultation room, sumptuously furnished, and maintained strictly for the convenience and accommodation of the bank's customers and friends.

In the front of the building on the mezzanine is the directors' room.

In this room the old conventional directors' table is made conspicuous by its absence. However, an ample number of mahogany armchairs are provided, to insure one for each director in attendance.

The wall decorations in this room are the same as carried out in the banking room.

On the left of the entrance door is the ladies' room. It is decorated and furnished

PHOTO BY HARRIS & EWING

W. S. Hoge
FIRST VICE-PRESIDENT

Joseph S. Tyree
SECOND VICE-PRESIDENT

J. Castle Ridgway
CASHIER

PHOTO BY HARRIS & EWING

William T. Poole

in mahogany, marble, panel mirrors and Turkish rugs, writing desks, etc.

In connection with this room there is a ladies' teller, who devotes his time and attention to the banking requirements of lady customers and friends.

THE VAULTS.

At one end of the bookkeepers' section is the book vault, containing all the necessary

THEODORE S. MASON

ASSISTANT CASHIER DISTRICT NATIONAL BANK, WASHINGTON, D. C.

filing devices for the convenience and dispatch of the work in this department, as well as for safety and ready reference.

But the main vaults are located in the basement. The door to the main vault is four feet wide by eight feet high by ten inches thick, of hardened steel, and weighs more than ten tons. The walls of the vault are of reinforced concrete, twenty-seven inches thick, with steel lining. The vault itself is ten by thirty-four feet in dimension. It was built by the York Safe and Lock Co. of York, Pa.

Separated by steel bars, but in the main vault, and to the left of the entrance, is a section ten by twelve feet, in which are kept the steel cabinets for money, securities, etc. Each of these cabinets, which are mounted on movable trucks, are kept securely locked by the officer having same in charge. The cabinets are transferred morning and evening between the banking room and vault by means of an electric elevator provided for that purpose.

In the main vault and immediately in front of the door are the safe deposit boxes. These boxes vary in size from two and one-half by five inches to ten inches by ten inches, and all of a regular depth of twenty-four inches, ranging in rental prices from $2.50 to $10 per annum.

Adjoining this, but also separated by steel bars from the remainder of the vault, is a section ten by twelve feet, for storing trunks, boxes, etc., for which a nominal monthly charge is made.

The interior decoration in the safe deposit room is old ivory, Sienna marble, Ceramic tile, Turkish rugs and mahogany.

There are also an ample number of booths to be used by the box renters for privacy and convenience in the examination of their securities and valuables.

CLERKS' DRESSING ROOM.

Adjoining the safe deposit department is a room set apart as a dressing room for the clerks, in which there is a metal locker provided for each clerk, secured by lock and key. Next to this is a large, well ventilated and modern toilet and lavatory, fitted out in white marble and mahogany, exclusively for the use of the clerks.

Adjoining the dressing room is the storeroom, where the supplies of the bank are kept in almost numberless bins provided for the purpose, each distinctly labeled as to contents.

In the rear wall is a large stained or cathedral glass window, five feet wide by ten feet high, in which the bank's seal, consisting of the Washington Monument, surrounded by the name of the bank, and date of organization, is worked with artistic precision and beauty, causing a subdued and pleasing light effect diffused over the entire banking room.

HISTORICAL AND BIOGRAPHICAL.

Robert N. Harper, president of the District National Bank of Washington, D. C., was born near Leesburg, Loudoun County, Virginia. He was educated at a private school, and at the Academy in Leesburg. At the age of seventeen, he left school, and entered as an apprentice in a drug store in his native town. He was graduated from the Philadelphia College of Pharmacy in 1884.

In 1886 he came to Washington, and continued in the drug business until 1903, when he organized the American National Bank of Washington, D. C., and was elected its president. In 1908 he sold his interest to the late Senator Elkins of West Virginia, and started the banking firm of Harper and Company.

In September, 1909, he organized the District National Bank, which took over the banking business of Harper and Company, and was elected its president.

Mr. Harper also organized and is president of the Farmers' and Merchants' Banking and Trust Company of Leesburg, Virginia. At the present time he is also a director of the Commercial Fire Insurance Company; director of the Columbia Cotton Oil Company; president of the Robert N. Harper Chemical Company; treasurer of the Washington Wholesale Drug Exchange; member of the Columbia Country Club; member of the Washington Board of Trade; member of the Washington Chamber of Commerce, and was for two years its president; member of the Commercial Club; member of the National Press Club; was for a number of years editor and proprietor of a weekly newspaper in Virginia, and for four years was surgeon general on the staff of Governor A. J. Montague of Virginia, with the rank of colonel.

W. S. Hoge, first vice-president, was born in Loudoun County, Virginia. He came to Washington about thirty years ago, and embarked in the commission business. Mr. Hoge is president of the Hoge and McDowell Milling Company, and the Hoge and McDowell Commission Company. He is also president of the Commercial Fire Insurance Company, an organization he perfected. He was one of the organizers of the Lincoln National Bank, Washington, D. C., and for a number of years on its board of directors. He is a member of the Washington Chamber of Commerce, Board of Trade, and Columbia Country and Commercial Clubs.

J. S. Tyree, second vice-president of the District National Bank, was born in Staunton, Virginia. He received his education in the local schools, and entered the drug business with John Wyeth and Brothers in Philadelphia. He was graduated from the Philadelphia College of Pharmacy in 1882. For a number of years Mr. Tyree represented the firm of Wyeth and Brothers among the medical profession throughout the United States. In 1885 he located in Washington, and has been successfully conducting the retail drug business since that date, and is president and practically owner of the J. S. Tyree & Company, manufacturing chemists, in Washington. Mr. Tyree is a large owner of real estate in the District of Columbia, and is also a member of the Washington Chamber of Commerce.

TELLERS' CAGES—LIGHTED BY MEANS OF PRISM LIGHTS IN CEILING

J. Castle Ridgway, cashier, was born March 10, 1871, at Shawneetown, Illinois. His early education was received in the public schools of his native town and at Carbondale, Pa. In 1890 he entered the Washington High School and graduated in 1893;

PRESIDENT'S OFFICE.

VICE-PRESIDENT AND CASHIER'S OFFICES

GRAND MARBLE STAIRWAY

took the law degrees of LL.B. and LL.M. at Columbian University and was admitted to practice in 1897 in the Supreme Court of the District of Columbia. Subsequently he became private secretary to Senator Shelby M. Cullom of Illinois, which position he held until 1900. Later he was admitted to practice before the U. S. Supreme Court and engaged in his profession at Hilo, Hawaiian Islands, where he resided for a number of years.

Being an expert accountant and bookkeeper, when the Hawaiian Islands were annexed to the United States, the Comptroller of the Currency selected Mr. Ridgway as the first national bank examiner for the newly acquired territory, and he was appointed Collector of Customs at the port of Hilo, Hawaii. Incidentally he became interested in politics in the islands and was editor of the *Hilo Tribune*, a Republican newspaper which has had much to do in Americanizing these insular possessions.

On severing his connections in Hawaii, Mr. Ridgway returned to Washington, D. C., and became a national bank examiner at large, examining banks in Maryland, Virginia, West Virginia, the District of Columbia, Illinois, Indiana, Ohio, Texas and Tennessee.

He resigned his position as a bank examiner, upon the organization of the District National Bank, Washington, D. C., to become its cashier. Mr. Ridgway is a member of the University Club, the National Press Club, the Columbia Golf and Country Club, the Chamber of Commerce, and is Past Exalted Ruler of the B. P. O. E.

William T. Poole, assistant cashier, was born in Washington, D. C., September 27, 1880. After completing his common school education he attended a high school of business and entered in the spring of 1898 the employ of the United States Express Company. Mr. Poole engaged in the real estate business for several years and spent part of the years 1903 and 1904 in Los Angeles, California.

LADIES' ROOM

He entered the banking business, December 15, 1905, accepting a position with the American National Bank of Washington. After more than three years of service with this institution he became manager of Harper & Co., bankers.

On the twentieth of September, 1909, Mr. Poole was appointed assistant cashier of the District . ational Bank, successor to Harper

VAULT DOOR OPEN

VAULT DOOR CLOSED

& Co., in which capacity he is serving at the present time.

Theodore S. Mason, assistant cashier, is a native of King George Co., Va. Born in 1875. He was first employed in Fredericksburg, Va., as a shipping clerk in the Southern Foundry & Machine Works. Later, for a short time, he found employment in the wholesale dry goods business. In 1896 Mr. Mason removed to Washington, D. C., and entered the employ of R. G. Dun & Co. He remained with that concern until 1905, when he resigned to become connected with the American National Bank of Washington. In March, 1909, he associated himself with the private banking firm of Harper & Co., until the latter concern was merged into the District National Bank of Washington, with which institution he now holds the position of second assistant cashier.

Board of Directors.

President Harper has every reason to feel proud of his representative board. The names of those who safeguard the interests of the bank's customers are synonymous with the growth and development of Washington as a commercial city.

Those constituting the official board are: Joseph A. Berberich, Charles F. Carusi, Ernest H. Daniel, John T. Devine, John W. Childress, J. W. Harper, Robert N. Harper, Alexander T. Hensey, James M. Hoge, W. S. Hoge, Lewis Holmes, Thomas B. Huyck, William P. Lipscomb, Ernest M. Merrick, Gerson Nordlinger, Robert Lee O'Brien, J. J. Richardson, M. D., Charles C. Rogers, N. L. Sansbury, Andrew C. Shannon, Elie Sheetz, J. S. Tyree, Bestor R. Walters, Sidney West, Martin Wiegand.

That the District National Bank of Washington, D. C., is a progressive institution and growing rapidly, is evidenced by the following comparative table showing the growth in deposits:

September 20, 1909 (Organized)..	$486,838.68
November 16, 1909................	613,854.12
January 31, 1910.................	744,526.39
March 29, 1910...................	895,026.98
January 7, 1911..................	1,026,998.70
March 7, 1911....................	**1,111,452.71**

THE OMAHA NATIONAL BANK IMPROVES ITS BUILDING

LAST November marked an important epoch in the history of the Omaha National Bank of Omaha, Neb., witnessing, as it did, the completion of its new home, which has been made ready for occupancy at an expenditure of $240,000.

The remodeling of the building took ten months to complete. The interior fittings alone called for six carloads of marble, two carloads of steel furniture fittings; twenty cars were required to ship in the new vaults, three carloads of ornamental plaster were employed, one car of solid bronze for the cages, two carloads of cabinet work and one of other furniture than that of steel base and wood finishing.

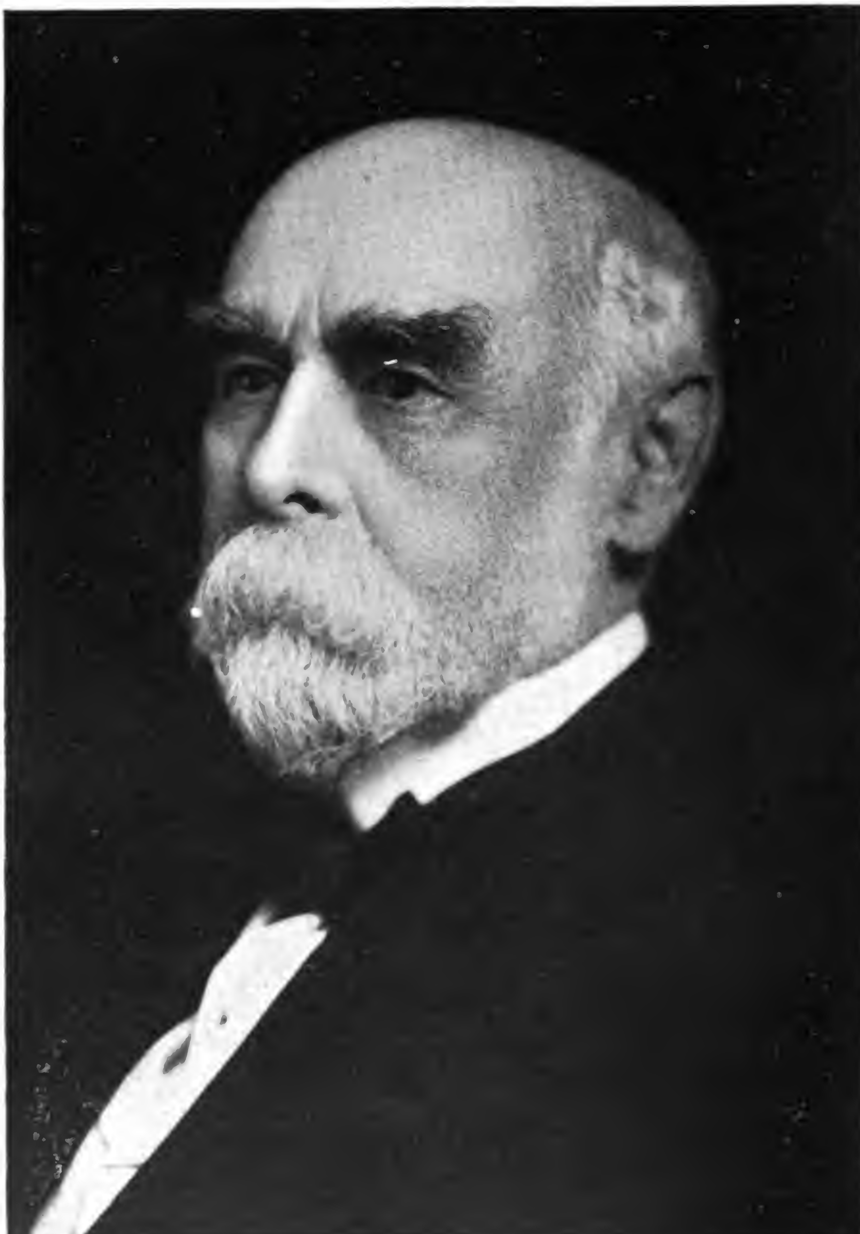
Visitors will see that the architect, George B. Prinz, has solved a difficult problem in remodeling the lower floor. The entrance corridor could not be dispensed with, because access to elevators had to be furnished, but by removing the walls in the first story, which supported nine stories of solid masonry at the rear, the whole floor was converted into one great room.

The Central Corridor.

Upon entering the building the first sight which strikes the eye is a great plate glass window at the north end of the central corridor. Through this window one can see part of the bank beyond and get a glimpse of the immense cash vault. The main bank quarters occupy the whole first floor with the exception of the corridor, which is like an entrance hall into an old-fashioned residence, with doors on either side of the hall at the right and left. The main floor is thus a hollow square with a slice out, in the centre, and the part of the bank which is seen from the entrance hall through the great window is the connecting link between the right and left wings.

To leave the corridor and enter the bank one passes through gates of solid bronze metal ten feet wide and twelve feet high, each weighing approximately two tons. Turning through the right entrance one finds first a small space within a railing, this being intended for a customers' room, where patrons may talk over business matters. Adjoining this is the large officers' space on a raised platform. Officers' and customers' spaces have been provided with solid cast bronze entrance gates and wainscots in solid panelled mahogany rise to a height of seven and one-half feet. Two consultation rooms open to the east of the officers' space. A discount files room is also located here and all three rooms are finished in mahogany.

In these quarters the Omaha National Bank will have three times the floor space it had in the old building on Thirteenth street. The bank is so large that the officers are well distributed around the lobby, so that some officer may be easy of access from any part of the room.



Honorable Joseph H. Millard
PRESIDENT OMAHA NATIONAL BANK

Department for Women.

A department for women is one of the distinctive features of the bank. This is at the left of the entrance. There are tellers and bookkeepers for women exclusively and feminine customers will not have to stand in line with the men. A women's sitting room, with plenty of chairs and tables, makes this department a pleasant place for milady to transact her business. Circassian walnut has been used in finishing the women's room. Receiving tellers' cages and bookkeepers' desks take up the remainder of the west side. Polished plate glass fills in the counter screen panels, the glass having an etched and sand blasted border. In the northwest part of the room is a two-story book vault, with complete steel fittings. The cash vault stands in the centre of the north space, this space being the connecting link referred to above. Above is a ceiling light, which covers the north court between the wings of the building itself.

OMAHA NATIONAL BANK BUILDING, SEVENTEENTH AND FARNUM STREETS, OMAHA, NEB.

The directors' room, in the northwest corner, is a room of real beauty. The ceiling is paneled and decorated in relief plaster and color, the walls have been tinted a soft warm color and the finishing is entirely of highly figured Circassion walnut. Gold leaf decoration on the ceiling adds a bright note. On the east side, too, runs the counter and

counter screen, which stretches the whole three sides of the bank. Back of this in the cages on the east side are more clerks and the discount department.

Beautiful Marbles.

The finest Italian Pavonazza marble, of a beautiful cream color, with dark veining, greets the eye in every direction. It makes up the counters and the patrons' tables, reaches breast high on the cages that extend around the enormous lobby and forms the screen above the counters. Everywhere it rests on a base of verde antique, a beautiful green marble from Greece. The flooring of the whole room is a Napoleon gray marble, with border of verde antique and Hauteville. The hallway is wainscoted with English vein Italian marble and the trimmings of the quarters of the safe deposit company are of the same material. This is a white marble, streaked with blue veins. The cash vault is covered with "veined statuary," also a warm cream colored Italian marble.

The marble was brought to this country in large blocks and was cut in Milwaukee. It was sawed so that the veining matches perfectly. So exactly is the work done that one of the big tables in the lobby, on which customers write their checks, looks as though it were carved from a solid block, though it is made of a dozen pieces. The top screen is of Pavonazzo marble and glass, with solid bronze grilles for the wickets.

There is a cash vault and a two-story book vault on the main floor and four storage vaults and a safety deposit vault in the basement. Marble and a bronze clock embellish the exterior of the cash vault.

Safety Deposit Vault.

The safety deposit department is located on the east side of the basement and can be entered either from the street or by a stairway from the main floor. Both cash vault and safety deposit vault have doors which weigh twenty tons, the hinges alone weighing two tons. But door and hinges are so nicely adjusted that one person can swing it without effort. The cash and safety deposit vaults are the last word in vault construction and are lined top, bottom and sides with two and a half inches of chrome and bessemer steel. This vault contains at present 2,500 safety deposit baxes and has room for 2,500 more.

WEST LOBBY AND RECEIVING WINDOWS

The whole bank is beautifully lit by what is known as the "Iseco Frink" concealed system, installed by the International Supply and Export Company of St. Louis. It has proved to be very satisfactory and is investigated with interest by bankers throughout the West who are contemplating building or remodeling their banking interiors. The fixtures of the system are so

ONE OF THE CUSTOMER'S DESKS

DIRECTORS' ROOM

designed as to provide a diffusion of soft white light over the working surfaces of counters, desks and tables, the intensity being equal at all points, and the diffusion such as absolutely eliminates all shadows

W. H. BUCHOLZ
VICE-PRESIDENT OMAHA NATIONAL BANK

and the glare of light from the eyes of the employees.

THE PRESENT OFFICERS.

Besides Joseph H. Millard and William Wallace, whose connections with the bank have been from its inception, the other officers include Vice-President W. H. Bucholz. Mr. Bucholz has been with the Omaha National five years. He came here to be cashier from Oakland, Cal., where he was vice-presdent of the Central Bank of Oakland, Cal., and before that was president of the Norfolk National Bank of Norfolk, Neb., having been with that bank for eighteen years. He became vice-president of the Omaha National on January 1, last year. That the Omaha National is now installed in the handsomest banking rooms west of Chicago is in part, at least, due to him, for the active work on the part of the bank in this connection has fallen on his shoulders.

Ward M. Burgess, another vice-president, is vice-president of M. E. Smith & Co., and his services to the bank are chiefly as a very active director.

The cashier, J. DeForest Richards, was until comparatively recent time, president of the First National Bank of Douglas, Wyo. The three assistant cashiers are Frank Boyd, Bert A. Wilcox and Ezra Millard. These three have grown up with the bank. The last named is the son of its first president and the nephew of its second president.

The directors of the bank, besides the president, vice-president and cashier, are these well-known Omaha capitalists and business men: K. C. Barton, J. E. Baum, Charles H. Brown, Isaac W. Carpenter, E. A. Cudahy, Louis C. Nash and Arthur C. Smith.

THE BANK'S HISTORY.

The Omaha National Bank came into being in 1866, and is therefore now forty-four years old. Ezra Millard, brother of Joseph H. Millard, was the first president, and the cashiership was assumed for the first few months by Joseph N. Field, brother of Marshall Field. Mr. Field is still among the living. He makes his home in Manchester, England, and is one of the largest stockholders, holding the stock for which

J. DEFOREST RICHARDS
CASHIER OMAHA NATIONAL BANK

he subscribed when the bank was organized. In January, 1867, Joseph Millard became cashier in Mr. Field's place. He became president in 1884 and has been president continuously since.

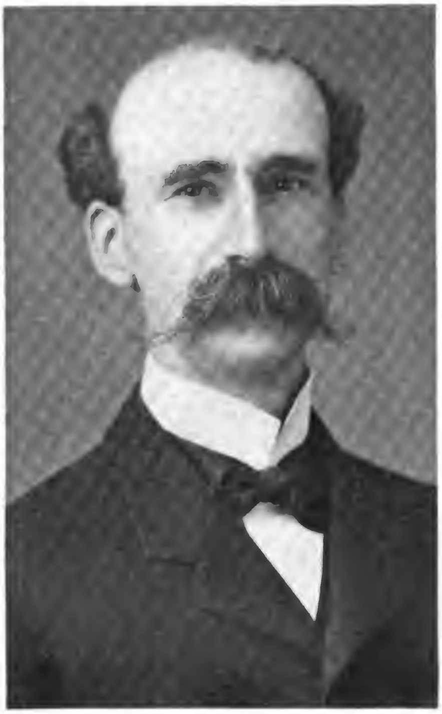
ENTRANCE TO WOMEN'S ROOM

LADIES' ROOM

THE NORFOLK NATIONAL BANK OF NORFOLK, VA.

NORFOLK NATIONAL BANK OF NORFOLK, VIRGINIA

IN her striving to maintain a place among the leading commercial cities of the eastern shore of the United States, Norfolk, Va., has made many creditable moves toward modernization, not the least



CALDWELL HARDY

PRESIDENT NORFOLK NATIONAL BANK, NORFOLK, VA.; EX-PRESIDENT AMERICAN BANKERS ASSOCIATION.

of which was the rebuilding of the Norfolk National Bank, recently finished by Hoggson Brothers of New York. Here, in this new structure, Norfolk has a banking house which is second in appointments and style to none outside of the largest cities, and which in modern appliances for facility and safety, ranks the equal of even the leading banks of the country.

It was the desire of the officers and directors of the Norfolk National Bank to have a home which at the same time would be simple in style, roomy and light and an attractive unit in the city's make-up. All this has been realized. Not only are the banking people entirely pleased with their ideas as they have been worked out, but the general public is profuse in its praise of Norfolk's thoroughly modern banking house.

To say that the building is new is not entirely justified by facts. The foundations, side and rear walls and floor levels were retained by Hoggson Brothers, the builders, from the old bank. All the rest, and by far, the larger part is new. It is a one-story building with mezzanine floors at either end, and the entire structure is given to banking uses.

As fine an example of the pure Greek Corinthian style of architecture as can be found is shown in the white marble front of the building. Four Corinthian pilasters support an entablature and pediment. Except for the capitals the front is without embellishment. Between the two centre pilasters the entrance rises the full height of the main floor, and of the front mezzanine. Between the two pairs of pilasters, on either side of the entrance, are bronze grilled windows, giving light to private rooms in the front of the building. The door piece and grill are of ornamental iron, carrying out the feeling of the front in classical lines. The doors are of simple bronze design. In the

LOOKING TOWARD REAR OF BANKING ROOM

entrance way two electric torches set in the walls, surmount bronze plates bearing the name of the bank. The name again is carved across the frieze above the four front pilasters.

LOOKING TOWARD MAIN ENTRANCE

On entering the building, the first impression given is of a remarkable light--somewhat as though there was no roof on the bank. Already the employees have found that the artificial lighting arrangements are more for ornamentation than for use, for at all times, except during the hours of actual darkness, and in all weathers there is so much natural light that none other is necessary. This is produced through a ceiling light covering almost the entire building and it is arranged in five parallel panels of leaded glass, so colored and covered as to soften the direct sunlight.

Concealed above the ceiling lights are a series of linolite fixtures for use after darkness falls. The lights are arranged so that their rays strike a white screen above the leaded glass and are reflected down through the soft colored glass, giving an almost perfect reproduction of sunlight.

Many other features which bespeak the thorough modernism of the building are to be seen. Care of employees is a matter which, in the largest banks in the country, is receiving special attention. In order to be right up with the leaders, the Norfolk Bank has provided a private kitchen and dining room for its clerks where they may have wholesome food in comfort and in pleasant surroundings. There are lounging rooms, locker rooms and lavatories. Separate facilities like these are provided for the officers.

ANOTHER VIEW OF PUBLIC LOBBY

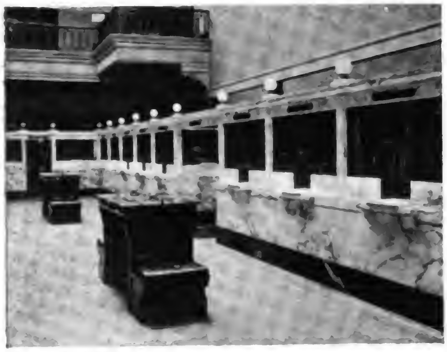
In matters of equipment, the builders provided and the bank accepted the very latest improvements. They have there even the metal revolving signature file, something which not all of the large banks have found yet. It consists of a metal cylinder with openings into two adjoining teller's cages and into the working space behind them. A revolving frame inside the cylinder holds the card drawers, which are accessible from the three openings. At night the drawers are turned away from the openings and the file locked.

OFFICERS' SPACE

The central court plan has been used in arranging the interior of the bank; that is, the public space is at the centre of the room and the cages and offices are along the walls. Verde antique and Pavanazza marble and bronze grills surmounted by lighting standards have been used in making the screens. Partitions are of mahogany and glass. The floor is of terazzo with a border of marble mosaic. The walls of the building are severely plain with only a simple cornice for relief.

It is a rise of several steps from the street level to the banking room. Just inside the building on one hand is a customers' room and ladies' retiring room, and on the other hand the officers' space, one step up from the banking floor, and separated from the public space by a railing of marble and bronze gates.

Cages for various employees occupy the rest of the side wall space, a neat arrangement being an alcove on one side between two tellers' cages, provided for women de-



TELLERS' WICKETS AND LADIES' ALCOVE

positors. A check desk and separate windows in this alcove make it possible for a woman to attend to business without having to wait in line with the male customers. At the rear of the building a door in the screen gives access to the safe deposit department. The building is heated by steam and the banking room is ventilated through openings about the skylight.

Committee rooms, officers' rooms, directors' rooms and the like are all in the front of the building, either within the space at either side of the deep entrance or in the mezzanine above. The rear mezzanine, surrounded by a simple bronze railing, has room for a number of desks and contains the filing room. A book hoist between here and the main work-room expresses the very latest in this department.

This bank was built on the modern basis of one contract for everything, including plans, erection and equipment. When the bank was ready to do business at the new building, the clerks had merely to hang up their hats and begin work. Even pens and ink were at hand—there was not a detail which Hoggson Bros. had overlooked or neglected.

LADIES' ALCOVE

HISTORICAL.

The Norfolk National Bank, at Norfolk, Va., commenced business August 1, 1885, with a paid-in capital of $400,000, with C. G. Ramsay, president; C. W. Grandy, vice-president, and Caldwell Hardy, cashier. The business of the bank grew steadily from its organization, and at a meeting of the board of directors, held June 2, 1891, A. B. Schwarzkopf was elected assistant cashier.

On February 11, 1894, C. G. Ramsay, president, died, and at a meeting of the directors, held March 13, the same year, C. W. Grandy was elected president, and Col. George Tait, vice-president. Mr. Grandy continued as president until March 26, 1895, but on account of his many private interests, tendered his resignation at a meeting of the board of directors, held on that date, which was accepted. At the same time Col. George Tait also resigned as vice-president. J. G. Womble was elected president and C. W. Grandy, vice-president, effective April 1, 1895.

BANK KITCHEN

The bank continued with the same officers until January 13, 1899, when Mr. Womble resigned as president, and Caldwell Hardy, cashier, was elected in his place. A. B. Schwarzkopf was elected cashier, and W. A. Godwin, at that time paying teller, was promoted to the position of assistant cashier. On January 11, 1907, Mr. Grandy tendered his resignation as vice-president, and E. T. Lamb was elected in his stead.

In the fall of 1906 the capital of the bank was increased from $400,000 to $1,000,000, with surplus of $500,000, and undivided profits of $35,000. On February 16, 1909, A. B. Schwarzkopf, cashier, was promoted to the office of vice-president, and W. A. Godwin became cashier.

Mr. Hardy was at one time president of the American Bankers' Association, and is now vice-president of the Norfolk & Portsmouth Traction Co., a director in the Norfolk Southern R. R., and treasurer of the Norfolk & Portsmouth Belt Line. He is also president of the Norfolk Bank for Savings & Trusts

A. B. Schwarzkopf, vice-president, is a banker of broad experience. He is an ex-president of the Virginia Bankers' Association.

W. A. Godwin, cashier, takes an active interest in everything pertaining to banking. He is now serving as chairman of Group 1, Virginia Bankers' Association.

The Norfolk National Bank is well fortified so far as competent directors are concerned. Those constituting the official board are:

C. W. Grandy, of C. W. Grandy & Sons; Wm. H. White, president R. F. & P. R. R.; F. S. Royster, president F. S. Royster Guano Co.; R. P. Waller; J. G. Womble; Caldwell Hardy, president; Wm. M. Whaley, president Roanoke R. R. & L. Co.; T. A. Jones, Savage, Son & Co.; Henry Kirn; G. M. Serpell, general manager A. C. L. Ry.; William Sloane, of William Sloane & Co.; E. T. Lamb, president and general manager N. S. R. R.; W. T. Ham, of W. T. Ham & Co.; James M. Barr, president Black Mountain Collieries Co.; Leroy W. Davis, president O. D. Tobacco Co.; Robt. B. Tunstall, attorney at law; Hugh C. Davis, attorney at law; Chas. W. Priddy, president Pocomoke Guano Co.; C. W. Grandy, Jr.; A. B. Schwarzkopf, vice-president; A. R. Turnbull, president and general manager Rowland Lumber Co.; W. C. Cobb, fertilizers; W. A. Godwin, cashier.

BANK DINING ROOM

In March the bank reported loans and discounts of $3,606,891, a capital of $1,000,000, a surplus of $500,000, undivided profits of $188,168, and deposits of $4,570,810.

THE WACHOVIA BANK AND TRUST COMPANY, WINSTON-SALEM, NORTH CAROLINA

MORE than a year has elapsed since the first announcement to the public that the Wachovia National Bank and the Wachovia Loan and Trust Company of Winston-Salem, N. C., would consolidate under the name of the Wachovia Bank and Trust Company, the consolidation to take effect upon the completion of a modern seven-story bank and office building, to be erected at the intersection of Main and Third Streets.

On March 6 of this year the consolidated institutions took possession of their new home and completed the final details of their merger. Naturally the event took on the semblance of a festive occasion and hundreds of invited guests called during the day and evening to admire and praise the well-equipped banking rooms and offices.

A Splendid Home.

The new structure was designed by Milburn, Heister & Co., architects, of Washington, D. C., and approaches the ideal in every respect. Built of pressed brick with the walls in the lower stories of stone, of steel frame with re-inforced concrete floors, the building is a good example of the latest type of fireproof construction. The banking quarters are on the first and second stories, the upper floors being occupied by offices. In addition to a spacious lobby and a main banking room there are rooms on the first and second floors for officers and directors, besides work quarters for the various clerks. In arrangement and finish the building, in its various details, is worthy of the largest banking institution in North Carolina, and of a city which in progressiveness and commercial growth stands second to none in the State.

Details of the Merger.

It was with a view to more fully supplying the banking needs of Winston-Salem and the commercial district of which it is the designated center that, more than a year ago, officers of the two constituent parts of the Wachovia Bank and Trust Company began to plan the consolidation that is to make possible the transaction of business on a larger scale and under more ideal conditions. It is not too early to venture the assertion that this ideal is already being realized, as may be seen from the fact that the combined institution today has a capital of $1,250,000 with undivided profits of over $300,000, and total resources aggregating more than $6,500,000, affording it an equipment for service that few institutions possess.

Something approaching an adequate idea of the magnitude of the bank's operations may be derived from the statement that the deposits of the home office for the first five days of January, 1911, represented the sum of $1,384,374.48 and that it has to-day in the home bank at Winston-Salem and

the branches at Asheville, High Point, Salisbury and Spencer, one-fifteenth of the entire capital of North Carolina's banking institutions, one-fifteenth of the deposits and one-sixteenth of the resources.

Although the Wachovia Bank and Trust Company is the largest financial institution of the State, and its business conducted on a gigantic scale, the purpose of the officers and directors is to give to the small depositor every service and consideration that is accorded its largest customer. The idea is to afford a banking service to reach every class and to meet the demands of individuals and business concerns, whether large or small.

NEW HOME OF THE WACHOVIA BANK AND TRUST COMPANY, WINSTON-SALEM, N. C.

Able Management.

It is essential that big institutions be under the guidance of big men if their utmost possibilities are to be realized. The successful management of a large bank requires not only a high order of ability, but a special type of ability. The ideal banker must be a practical man with a fund of good, common sense; he must be able to handle big problems; he must have character and tact; he must be progressive, alive to every opportunity to advance the interests of his institution and of his community, but, withal, conservative and safe. The Wachovia Bank and Trust Company is fortunate in having at its helm men of this high type of character and ability, men in whom the community have confidence and who, in turn, have confidence in the community.

Following is a list of the officers and directors:

Officers.

F. H. Fries, president; Jas. A. Gray, vice-president; H. F. Shaffner, vice-presi-

dent and treasurer; T. S. Morrison, vice-president; Jas. A. Gray, Jr., secretary and asst. treasurer; A. C. Miller, asst. secretary.

DIRECTORS.

Alexander J. Hemphill, R. J. Reynolds, J. E. Gilmer, W. M. Nissen, C. D. Ogburn, E. W. O'Hanlon, Jas. K. Norfleet, J. W. Fries, H. G. Chatham, Wescott Roberson, L. H. Clement, T. S. Morrison, W. C. Ruffin, T. B. Bailey, H. A. Pfohl, W. N. Reynolds, E. E. Gray, W. T. Vogler, A. H. Galloway, P. H. Hanes, Jr., H. E. Fries, F. H. Fries, Jas. A. Gray, H. F. Shaffner.

PERSONNEL.

Colonel F. H. Fries, president of the institution, is a man of large experience. As head of the Wachovia Loan and Trust Company from the time it was founded until its consolidation with the Wachovia National Bank he showed himself to be an ideal banker, progressive and at the same time conservative, a man of large influence and sound judgment.

Besides serving as president of the Wachovia Bank and Trust Company, Colonel Fries has actively identified himself with the construction of great cotton factories. In 1896, with a few associates, he established the town of Mayodan, which grew up around the Mayo mills. In 1899, a mile or two above the site of the Mayo mills, he with others built the Avalon mills.

F. H. FRIES

PRESIDENT OF THE WACHOVIA BANK AND TRUST COMPANY, WINSTON-SALEM, N. C.

At Fries, Virginia, in 1902, named in his honor, he projected the Washington mills, which have proved to be one of the greatest properties in the South. He is also a director in a number of other mills, and still finds time to turn his attention to railroad enterprises and other public interests.

In 1904, Colonel Fries served as president of the North Carolina Bankers' Association, and took an active part in the American Bankers' Association as a member of the Executive Council. He is still a member of the council from the Trust Company Section.

James A. Gray, Sr., vice-president, has been for many years one of the leading spirits in the commercial life of Winston-

THE PUBLIC CORRIDOR

A GLIMPSE OF THE OFFICERS' QUARTERS

Salem and the surrounding community. As president for years of the oldest financial institution in this city he proved himself to be a banker of exceptional ability and under his wise guidance the Wachovia National Bank attained a reputation that was not confined to North Carolina. A man of large influence and with a capacity for handling large problems he has come to be regarded as a leading exponent of the best there is in the commercial life of the community, not alone in the realm of banking, but in other lines as well. Among his other activities Mr. Gray was one of the moving spirits in the erection of the Hotel Zinzendorf, which will always be a monument to the public spirit of those responsible for its erection.

Henry F. Shaffner, vice-president and treasurer, is yet a young man, but he has had a large experience as a banker. He was associated with Colonel Fries in the Wachovia Loan and Trust Company throughout its history and was a potent factor in the development of that institution. He has the qualities of the ideal banker.

T. S. Morrison, the third vice-president, lives in Asheville, N. C., and has practical direction of the company's offices at that place. He has been associated with the company since the establishment of the branch office there in 1900 and is one of the leading business men of that city, being the head of the firm of T. S. Morrison & Son.

James A. Gray, Jr., secretary and assistant treasurer, is the youngest member of the bank's executive force, but he is possessed of rare business ability. Like his father, he is a man of sound common sense and the other qualities that assure success. The record he has already made as a banker gives good reason to predict for him a splendid career in that line in the future.

Not only in its executive force, but in the heads of its various departments and its other employes, the Wachovia Bank and Trust Company is exceedingly fortunate. Every employe is an expert in a particular line and together they constitute a working force possessing a high type of character and efficiency.

JAMES A. GRAY
VICE-PRESIDENT

HENRY F. SHAFFNER
VICE-PRESIDENT AND TREASURER

T. S. MORRISON
VICE-PRESIDENT

HISTORY.

When an institution of any kind occupies such a commanding position as is held to-day by the Wachovia Bank and Trust Company there is usually more or less interest in its past history, for while it is true that an institution or a people that lives largely in the past cannot obtain the highest progress it is equally true that a past filled with deeds of consequence generally furnishes a basis for a future of large achievements. The history of the Wachovia Bank and Trust Company very naturally is a composite his-

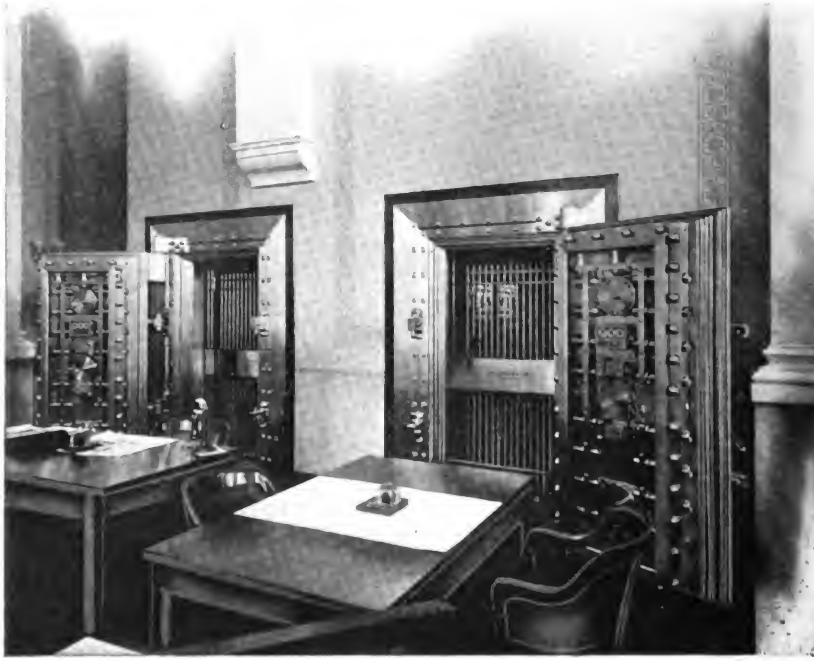
JAMES A. GRAY, JR.
SECRETARY AND ASSISTANT TREASURER

tory of the Wachovia National Bank and the Wachovia Loan and Trust Company.

THE WACHOVIA LOAN AND TRUST COMPANY.

The Wachovia Loan and Trust Company was organized in 1893 with a capital stock of $200,000, but in 1903, just ten years after its organization, it was realized that more capital was needed and the stockholders voted to increase it to $600,000. In 1909 a still further increase was authorized.

On December 15, 1893, the bank had deposits of $37,708.93. On December 15, 1907, these had grown to $4,007,537.04, a remarkable increase. There was an increase in deposits from December, 1900, to



SAFE DEPOSIT VAULTS

December, 1910, of 620 per cent. During this period the increase of North Carolina banks, State and National, was 375 per cent.

Colonel Fries was president of the bank throughout its history. H. F. Shaffner was also associated with this institution from the start.

The Wachovia National Bank.

The Wachovia National Bank, the oldest financial institution in Winston-Salem, was organized in March, 1879, beginning business June 16th of the same year. The original capital was $100,000, this being increased the first year to $150,000. The first officers were as follows: President, W. F. Bowman; vice-president, E. Belo; cashier, W. A. Lemly; assistant cashier, J. A. Gray. The board of directors was composed of W. F. Bowman, J. A. Gray, E. Belo, J. R. Vogler, H. G. Bahnson, J. C. Roberts, H. W. Huntley.

The bank was first located at 232 Main Street, this being its first and last location, as it moved from there last Saturday. For many years, however, it occupied the building at the corner of Main and Third Streets, the site of the new structure.

In 1882 Mr. Bowman died, W. A. Lemly becoming president and J. A. Gray cashier. In 1906 Mr. Lemly retired and James A. Gray became president, E. S. Gray becoming assistant cashier. At the time of the last statement before the consolidation the Wachovia National Bank had loans and investments aggregating $1,053,328.01, and capital of $150,000, surplus and profits of $210,102.64 and deposits of $863,328.24, its business having shown a great increase.

The Consolidated Bank.

The Wachovia Bank and Trust Company embraces, in its various departments, the best in the methods and ideals of the two institutions from which it sprang. It represents, in a marked degree, a commingling of the stability of the old, with the progressiveness of the new. Embodying these elements, with lofty ideals and with a management that represents a rare degree of ability and inspires a large measure of confidence, there is abundant reason to believe that, in the not distant future, the Wachovia Bank and Trust Company will be recognized, not only as the largest, by far, of its kind in North Carolina, but as one of the leading financial institutions of the entire country. There is, in the personnel of its executive force, in its inherent strength and in the possibilities of the section in which it is located enough to justify such a prediction and to lay the basis for such a destiny.

HON. CHARLES D. NORTON

NEW VICE-PRESIDENT OF THE FIRST NATIONAL BANK OF NEW YORK

CHARLES D. NORTON, formerly secretary to President Taft, assumed his new duties as vice-president of the First National Bank of New York on April 17. Mr. Norton was born in Oshkosh, Wisconsin, March 12, 1871, spent his boyhood in Burlington, Wis., and entered the office of the Northwestern Insurance Company there in 1885, graduated from Amherst College in 1893 and has since traveled extensively abroad, studying at first hand the banking systems of England, France, Germany and other European countries. In 1897 he became assistant general agent for the Northwestern Insurance Company in Chicago and general agent in 1905. Mr. Norton was made Assistant Secretary of the Treasruy in April, 1909, and became President Taft's private secretary in June, 1910. He is a trustee of Lake Forest University, and has taken an active interest in public enterprises.

HON. CHARLES D. NORTON

THE NEW VICE-PRESIDENT OF THE FIRST NATIONAL BANK OF NEW YORK

RUEL W. POOR

RUEL W. POOR, the subject of the frontispiece in this issue, is well known in New York and throughout the country as president of the Garfield National Bank of New York.

Mr. Poor is a native of New London, N. H., where he was born in 1860, of English ancestry. He was educated in the public schools and at Wilton Academy, Wilton Me., and early took up a business career, starting with the Page Belting Co. at Concord, N. H.

He began his banking career in Littleton, N. H., with the Littleton Savings Bank and afterward became connected with the Littleton National Bank, of which he later became cashier. In 1888 he went to New York, to take a position with the Garfield National Bank, which he filled so successfully that he was steadily advanced to assistant cashier in 1891 and cashier in 1892 and in 1902 he was elected president, which position he has since administered with conspicuous success, maintaining the best traditions of sound banking.

Mr. Poor is a prominent member of many societies and clubs.

The Garfield National Bank was established in 1881 and has a capital of $1,000,000, surplus and profits of $1,238,000, and deposits exceeding $10,000,000. For many years it was located in the Masonic building, on Twenty-third street, near Sixth avenue, but on completion of the Fifth Avenue Building, moved to its present fine quarters at Fifth avenue and Twenty-third street.

The directors of the Garfield, besides Mr. Poor, are: James McCutcheon, Charles T. Wills, Samuel Adams, Morgan J. O'Brien, William H. Gelshenen, Thomas D. Adams, Daniel S. McElroy and Robert J. Horner.

1911 BANKERS' CONVENTION CALENDAR

LOUISIANA—May 2 and 3, Baton Rouge; Secretary, L. O. Broussard, Abbeville.

MISSISSIPPI—May 10 and 11, Greenwood; Secretary, Richard Griffith, Vicksburg.

TEXAS—May 16, 17 and 18, Dallas; Secretary, J. W. Hoopes, Austin.

KANSAS—May 24 and 25, Kansas City; Secretary, W. W. Bowman, Topeka.

MISSOURI—May 24 and 25, Kansas City; Secretary, W. F. Keyser, Sedalia.

TENNESSEE—May 29 and 30, Nashville; Secretary, F. M. Mayfield, Nashville.

SOUTH DAKOTA—June 7 and 8, Sioux Falls; Secretary, J. E. Platt, Clark City.

GEORGIA—June 8 and 9, Tybee Island; Secretary, L. P. Hillyer, Macon.

PENNSYLVANIA—June 13 and 14, Philadelphia; Secretary, D. S. Kloss, Tyrone.

CALIFORNIA—June 15-17, Lake Tahoe; Secretary, R. M. Welch, San Francisco.

VIRGINIA—June 15, 16 and 17, Hot Springs; Secretary, N. P. Gatling, Lynchburg.

MINNESOTA—June 20, Bemidji; Secretary, Charles R. Frost, Minneapolis.

IOWA—June 21, Mason City; Secretary, P. W. Hall, Des Moines.

MARYLAND—June 20, 21 and 22, Deer Park; Secretary, Charles Hann, Baltimore.

NORTH CAROLINA—June 21, 22, 23, Lake Kanuga; Secretary, William A. Hunt, Henderson.

NEW YORK STATE—June 22 and 23, Manhattan Beach; Secretary, William J. Henry, New York.

NORTH DAKOTA—June 27 and 28, Fargo; Secretary, W. C. MacFadden, Fargo.

OHIO—July 5, 6 and 7, Cedar Point; Secretary, S. B. Rankin, South Charleston.

WISCONSIN—July 12 and 13, Milwaukee; Secretary, George D. Bartlett, Milwaukee.

AMERICAN INSTITUTE OF BANKING—September 7 and 9, Rochester, N. Y.; Secretary, George E. Allen, N. Y.

ILLINOIS—October, Springfield; Secretary, R. L. Crampton, Chicago.

A NEW WORLD'S RECORD

BY listing 250 Burroughs Contest checks in three minutes 35 2-5 seconds, E. W. Smith of the American Trust Co., St. Louis, recently broke the world's check listing record, formerly held by H. G. Fennings, of Glynn, Mills, Currie & Co., London, England. Mr. Fenning's time was three minutes, 37 seconds.

Mr. Smith's record was made on a Burroughs Adding Machine, as was Mr. Fenning's. In fact the present records for listing 100 checks, 200 checks, 225 checks, 250 checks and 500 checks have all been established on the Burroughs.

To establish a standard for all contests and avoid the difficulties which must arise were each contest conducted with a different sets of checks, the Burroughs Company has

established what is known as "Burroughs Contest Checks," which are sent out to managers of any contest on request.

These checks are carefully selected and are to be had in numbers arranged for any contest. Effort has been made to keep

E. W. SMITH

OF THE AMERICAN TRUST COMPANY, ST. LOUIS, WHO RECENTLY LISTED 250 CHECKS ON A BURROUGHS MACHINE IN 3 MINUTES, 35 2-5 SECONDS—A WORLD'S RECORD.

them as near the natural run of bank checks as possible. All records now recognized as permanent must be made on these checks and they may not be arranged except in prescribed order.

Following is the list of world's records made on Burroughs machines and the names of the men who made them:

100 checks, one minute and nineteen seconds, O. R. Clark, American National Bank, Houston, Texas, May, 1909; 100 checks, one minute and twenty-four and three-fifths seconds, on a hand machine, one minute and thirty-one seconds on an electric machine, W. L. Sherwood, Connecticut Trust Co., Hartford, Conn., February, 1911; 225 checks, three minutes and fifty-nine seconds, T. E. Flynn, Traders National Bank, Scranton, Pennsylvania, November, 1910; 225 checks, three minutes and fifty-five seconds, M. J. Barnack, Dime Deposit and Discount Bank, Scranton, Pa., November, 1910; 250 checks, three minutes, thirty-five and two-fifths seconds, E. W. Smith, American Trust Co., St. Louis, Missouri, December, 1910; 250 checks, three minutes and thirty-seven seconds, H. G. Fennings, Glynn, Mills, Currie & Co., London, England, November, 1909; 200 checks, three minutes, eighteen and one-quarter seconds, H. G. Williams, Nashville, Tennessee, First National Bank; 500 checks, six minutes and eighteen seconds, L. E. Spalding, Chicago, Illinois.

OLD "PER CAPITA" AGAIN

WOULD THE FARMER BE BETTER OFF WITH VOLUME OF MONEY GREATER?

ONE of the readers of the Philadelphia *Public Ledger,* in an open letter to the editor, has his own ideas on the subject of the per capita rate. He says:

Many of the writers who furnish "back to the farm" advice have a very superficial idea of production and what fosters it. The very condition that prompts the advice is necessary for the development of production on farms—namely, good prices.

The ultimate object aimed at, the cheapening of farm products, would prove a boomerang. We could not have combated the San Jose scale 30 years ago because the apples did not bring enough to pay for any care of the orchards, let alone the use of spraying machines. If white potatoes sold as low every year as they did this year farmers would have to give up raising them.

The other day I looked at a productive farm in our neighborhood and thought of the man who tilled it last summer. He is in Florida now, on land probably not as productive, but the produce raised brings a satisfactory price. The lesson to me was worth more than a volume on economics by any author living. Cheapening farm products too much acts like a mildew on cloth. There always has to be an under dog in a fight, and the one in this case is the average producer on our farms. If it were not for the fairly good prices at times, he would go under. But farming in this section would not stand any lower prices. I am speaking of vegetables. Fruit will be cheaper probably, because orchards are being planted all over the country.

Our trouble lies in the fact that we are not increasing our money supply fast enough to keep pace with the needs of production.

If we had $50 per capita it is doubtful whether it would be any more than enough.

BANKING AND FINANCIAL NOTES

MERCHANTS' LOAN AND TRUST COMPANY OF CHICAGO INCREASES DIVIDEND RATE.

The stock of the Merchants' Loan & Trust Co. of Chicago has been placed on a sixteen per cent. basis by the declaration of a quarterly dividend of four per cent. against three per cent. previously. The institution has a capital of $3,000,000 and a surplus fund of $5,000,000, besides undivided profits of over a million dollars. Its earnings last year exceeded thirty per cent. of the capital, and the previous year amounted to about thirty-four per cent.

FORT DEARBORN NATIONAL OF CHICAGO HOUSED IN NEW BUILDING.

The Fort Dearborn National Bank of Chicago has removed to its elegant new three-million-dollar home in the American Trust Building, which was recently purchased for the bank by a company composed of its officers and directors. A proposal to increase the capital of the Fort Dearborn from $1,500,000 to $2,000,000 has been approved. The new stock will be offered pro rata to the present stockholders at $125 per share. It is understood that the issuance of the additional stock is in connection with the plans to form the proposed Fort Dearborn Trust & Savings Bank, whose capital of $250,000 is to be owned by the stockholders of the bank. Authority to organize the new institution has been granted by the State authorities.

NEW ASSISTANT CASHIER FOR DEXTER HORTON NATIONAL BANK OF SEATTLE.

J. C. Norman has been made an assistant cashier of the Dexter Horton National Bank of Seattle, Wash., succeeding G. F. Clark, who resigned to become cashier of the National Bank of Commerce of Seattle. Mr. Norman has been in the employ of the Dexter Horton National Bank for eight years

GEORGIA BANK DOUBLES CAPITAL.

The Trust Company of Georgia at Atlanta will increase its paid-in capital on May 1 from $500,000 to $1,000,000. The company has also decided to maintain a surplus of $600,000 and to effect this has fixed upon $160 per share as the selling price of the additional stock. The Atlanta "Constitution" states that the company was organized twenty years ago and was the first institution of its kind in the South. Its name was originally the Commercial Travelers' Savings Bank and its capital was $200,000. The name shortly after changed to the present title and subsequently the capital was increased to $500,000. In addition to the functions heretofore performed by the institution, it plans to devote itself to the administration of estates and the development of a bond business. A reorganization of the board has occurred, the directorate now being made up as follows: E. Woodruff, president; J. Carroll Payne, vice-president; C. E. Currier, president of the Atlanta National Bank; J. W. English,

president of the Fourth National Bank; Robert J. Lowry, president of the Lowry National Bank; Robert F. Maddox, vice-president of the American National Bank; W. E. Chapin, southern manager Pennsylvania Fire Insurance Co.; J. N. Goddard, capitalist; A. V. Gude, capitalist; John W. Grant, capitalist; Brooks Morgan, general manager Frank E. Block Co.; John E. Murphy, capitalist; John E. Nunnally, president of the Nunnally Company, and Charles A. Wickersham, president of the Atlanta & West Point R. R. Co.

HOME BANK OF DETROIT WILL INCREASE CAPITAL.

Directors of the Home Savings Bank of Detroit, Mich., contemplate an increase of the capital stock of that institution from $400,000 to $750,000. Of this amount $100,000 will be apportioned among the present stockholders as a twenty-five per cent. stock dividend, and the stockholders will be accorded the first privilege of purchasing the balance of the increased capital, $250,000, at the price of $200 a share. This will give each stockholder the right to purchase fifty per cent of his stock holding after the apportioning of the stock dividend.

The surplus account of the Home Savings Bank, now in excess of $500,000, after deducting the stock dividend of $100,000, will be raised to $650,000, through the sale of $250,000 worth of stock at $200 per share.

Officers of the Home Savings Bank are: President, Julius H. Haass; vice-presidents, Fred Guenther and Orla B. Taylor; cashier, Edwin J. Eckert.

EQUITABLE TRUST OF NEW YORK UNDER NEW CONTROL.

Alvin W. Krech has announced his purchase from the Equitable Life of the 14,531 shares of Equitable Trust Company stock, which represent control. The price paid was $500 a share, and the total purchase price was $7,265,500. This stock is being placed by Mr. Krech among directors of the Equitable Trust and others, that the trust company may be an independent institution, and avoid the domination of any one interest. Neither J. P. Morgan & Co. nor Kuhn, Loeb & Co. took any part in the purchase of this stock, though Kuhn, Loeb & Co. have long held a substantial block of Equitable Trust stock.

W. C. POWELL RESIGNS PRESIDENCY FOURTH NATIONAL BANK OF JACKSONVILLE, FLA.

On March 31 the directors of the Fourth National Bank of Jacksonville, Fla., accepted the resignation of W. C. Powell as president and elected in his stead John E. Harris, vice-president Flynn-Harris-Ballard Co. Mr. Powell will continue to serve as director.

John H. Powell continues as vice-president; Oscar E. Dooley, formerly cashier American National Bank of Macon, Ga., and vice-president of the Continental Trust Company of the same city, was also elected a vice-president.

ANNUAL REPORT NATIONAL BANK OF CUBA.

The details of the tenth annual report of the National Bank of Cuba (head office, Havana), presented at the annual meeting on

February 15, have been issued in pamphlet form. The total assets of the institution reached $33,278,303 on Dec. 31, 1910—having increased more than twenty-four per cent. during the year. The deposits, $22,310,246 (exclusive of $2,112,338 due to banks and bankers), show an increase over last year of $6,800,000, or more than forty-three per cent. The regular eight per cent. annual dividend was paid, and the surplus increased to $1,000,000, leaving $51,782 in undivided profits, after providing for bad and doubtful accounts. The turnover in the exchange department amounted to over $251,313,000—a gain of $80,754,000 for the year. The cash movement at the head office, not taking the branches into account, reached over $1,023,790,000, or an average of $3,271,000 per banking day for the entire year, which is an increase over 1909 of over half a million dollars per banking day. Edmund G. Vaughan is president of the institution; the vice-presidents are Pedro Gomez Mena, Samuel M. Jarvis and W. A. Merchant. H. Olavarria is cashier.

ANNUAL MEETING BOSTON CLEARING-HOUSE ASSOCIATION.

At the annual meeting of the Boston Clearing-House Association figures were presented to show the standing of the national banks and trust companies of the city at the present time, as compared with 1897. The latter date was taken as a period of comparison, inasmuch as it was just prior to the extensive liquidation of the city's national banks, which began in 1898. The national banks in Boston numbered fifty-nine in 1897, when there were fourteen trust companies; at the present time there are twenty-three national banks and nineteen trust companies. The comparative statement is as follows:

NATIONAL BANKS.

	1897. 59 Banks.	1911. 23 Banks.	Increase.
Capital	$51,850,000	$23,800,000	*$28,050,000
Surplus	20,963,000	30,725,000	9,762,000
Deposits	202,711,000	275,248,000	72,537,000

TRUST COMPANIES.

	14 Trust Cos.	19 Trust Cos.	
Capital	$7,850,000	$12,250,000	$4,400,000
Surplus	6,457,000	28,249,000	21,792,000
Deposits	64,978,000	201,923,000	136,945,000

* Decrease.

Thomas P. Beal, president of the Second National Bank, has been re-elected president of the Clearing-House Association, and Arthur W. Newell, president of the Fourth National Bank, has been re-elected secretary.

NEW BANK IN CHARLESTON, S. C.

The Citizens' Bank of Charleston, S. C., commenced business on the 10th inst., with A. W. Litschgi, president; John P. Deveaux, vice-president, and C. R. I. Brown, cashier. The bank has a capital of $100,000.

CHATTANOOGA BANK TO INCREASE CAPITAL.

Under the authority of its stockholders, accorded at a meeting on April 10, the Hamilton National Bank of Chattanooga, Tenn., will increase its capital from $500,000 to $1,000,000. The enlarged capital will become operative on June 1. The proposed issue is offered to the present shareholders at $140 per share, but the price to outsiders

will be $150. The premium will serve to give the institution surplus and undivided profits of approximately $500,000.

CHICAGO SAVINGS BANK AND TRUST COMPANY INCREASES CAPITAL.

The new $1,000,000 capital of the Chicago Savings Bank & Trust Company of Chicago, increased from $500,000 with the stockholders' approval in February, became effective on April 6. The surplus has been increased from $100,000 to $200,000, the new stock having been sold at $120 per share. Two new members have been elected to the board of the institution, namely, Angus S. Hibbard, vice-president and general manager of the Chicago Telephone Co., and Leverett Thompson, who retires as secretary of the bank to enter its directorate. Edward J. Prescott, heretofore assistant secretary, has been chosen secretary.

CORN EXCHANGE BANK OF NEW YORK ELECTS ASSISTANT CASHIER.

John S. Wheelan was appointed an assistant cashier of the Corn Exchange Bank of New York, at a meeting of the directors on April 12.

BANKS OF WASHINGTON, D. C., TO MERGE.

It is announced that the Commercial National Bank of Washington, D. C., will absorb the National City Bank of Washington. Incidentally, the Commercial's capital will be increased $250,000, or up to $750,000, and it will have a surplus and undivided profits of $480,000 and deposits of about $4,500,000. The officers and board of directors will be the same as they are in the Commercial Bank at present, with possibly four directors added, who are now members of the National City Bank. Ashton G. Clapham is president of the Commercial National; Elbridge E. Jordan, first vice-president; N. H. Shea, second vice-president; H. Bradley Davidson, third vice-president; John Poole, cashier, and Samuel J. Henry and Herbert V. Hunt, assistant cashiers.

MELLON NATIONAL OF PITTSBURGH DECLARES STOCK DIVIDEND OF FIFTY PER CENT.

The Mellon National Bank of Pittsburgh, which by its latest statement, showed a capital of $4,000,000 and a surplus fund of $3,300,000, has declared a stock dividend to its shareholders of fifty per cent. of its capital from the surplus fund, making the present capital $6,000,000 and leaving $1,300,000 in the surplus. The surplus fund, prior to the increase, represented the earnings of the bank since its organization under the national system, July 1, 1902, exclusive of cash dividends paid, which amounted to $1,200,000 for the same period. The capital stock of this bank was increased from $2,000,000 to $4,000,000 by a cash subscription at par, January 1, 1905.

The directors of the Mellon National are: Alva C. Dinkey, William H. Donner, John B. Finley, Henry C. Fownes, William N. Frew, Henry C. Frick, Benjamin F. Jones, Jr., Alfred C. Knox, James H. Lockhart, J. Marshall Lockhart, Thomas Lynch, Henry

C. McEldowney, Andrew W. Mellon, Richard B. Mellon, Walter S. Mitchell, David E. Park, Henry Phipps, Henry R. Rea, William B. Schiller, James M. Schoonmaker and George E. Shaw. The officers are: A. W. Mellon, president; R. B. Mellon and A. C. Knox, vice-presidents; W. S. Mitchell, cashier; B. W. Lewis, A. W. McEldowney and H. S. Zimmerman, assistant cashiers.

ANN ARBOR, MICHIGAN, BANK SUPPLIES MAYORS.

William Walz, assistant cashier of the Ann Arbor Savings Bank of Ann Arbor, Mich., who has been re-elected mayor of that city, has the distinction of being the only mayor elected to serve two consecutive terms since 1895, when the term of office of the mayor was made two years.

Two years ago Mr. Walz was elected mayor over Mr. Darling, who was then opposing him, as this year.

Mr. Walz is the fourth officer of the Ann Arbor Savings Bank to be elected mayor. Judge William D. Harriman, vice-president of the bank; Dr. W. B. Smith, one of the bank's directors, and Charles Hiscock, the present president, have all served as mayor of the city.

HARRIMAN NATIONAL BANK.

The recent change of the Night and Day Bank of New York to a national organization under the name of the Harriman National Bank will give the institution a larger sphere of usefulness in serving the rapidly growing business district of the metropolis in which it centers. With banking hours extending from 8 a. m. to 8 p. m. it will still accommodate the interests for which it was originally planned and at the same time will take on the functions of the big reserve institutions which will attract new and larger business. In its new title it will perpetuate the name of the late Edward H. Harriman, Mrs. Harriman and the estate being deeply interested in the institution.

The president of the Harriman National Bank is Joseph W. Harriman, a nephew of the late E. H. Harriman. Mr. Harriman also is vice-president of the Merchants National Bank, a number of whose directors are also directors of the Harriman National Bank, and a member of the firm of Harriman & Co., bankers.

The other officers and directors are as follows: Bryan L. Kennelly, vice-president; Frederick Phillips, vice-president; Thomas B. Clarke, Jr., vice-president; John A. Noble, cashier.

Directors: Robert M. Gallaway, president Merchants National Bank; Elbert A. Brinckerhoff, vice-president Merchants National Bank; Joseph W. Harriman, Harriman & Co., bankers; Donald Mackay, retired; Edward Holbrook, president Gorham Manufacturing Co.; William A. Taylor, Taylor,

Clapp & Co., dry goods commission; Charles A. Boody, president Peoples Trust Co., Brooklyn; Thomas B. Clarke, merchant; Charles C. Tegethoff, estate of E. H. Harriman; Henry F. Shoemaker, New York; William I. Spiegelberg, L. Spiegelberg & Sons, cotton commission; Harrison K. Bird, banker; Samuel S. Campbell, vice-president Fourth National Bank; Bryan L. Kennelly, real estate; Martin Vogel, Vogel & Vogel, lawyers; Robert S. Lovett, president Harriman lines.

Within a few days after the change of organization the bank's deposits increased to $1,500,000 and are now steadily growing.

PAUL REVERE TRUST COMPANY, BOSTON.

Mr. Edmund Billings, who was recently elected president of the Paul Revere Trust Co. of Boston, was formerly connected with the well-known house of Lee, Higginson & Co. Mr. Billings was born in St. George, N. B., in 1868. He came to Boston at the age of five years and received a rudimentary education at the Brimmer School. He left school to become a telegraph operator, and at the age of twenty was appointed a director of the Wells Institute. From that time his rise became rapid, and he has been head of the Wells Institute and Peoples Institute for years. His executive ability was so well recognized that he was chosen by Governor Draper as representative of Massachusetts in Italy at the time of the great disaster. He was also secretary of the Chelsea Relief Committee.

EDMUND BILLINGS

PRESIDENT OF THE PAUL REVERE TRUST CO.

The Paul Revere Trust Co., which is one of the newer Boston institutions, has made a steady growth in business and under Mr. Billings' guidance is expected to show still more rapid progress. The company has capital of $200,000 and surplus of $25,000. The other officials are: Julius Rottenberg and Charles L. Burrill, vice-presidents; William E. Moreland, treasurer, and Wallace H. Pratt, secretary.

BANKERS OF KANSAS AND MISSOURI TO HOLD CONVENTIONS IN ADJOINING CITIES.

The official programme of the twenty-first annual convention of the Missouri Bankers' Association has just been issued.

The 1911 meeting will be held at Kansas City, May 24 and 25, and the Kansas Bankers' Association will assemble at the same time at Kansas City, Kan.

A. O. Wilson, vice-president of the State National Bank of St. Louis, is president of

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the organization and W. F. Keyser of Sedalia is secretary.

The two organizations will hold a joint meeting in the Willis Wood Theatre at eight o'clock in the evening, May 24, with J. F. Downing, president of the Kansas City Clearing-House Association, as chairman.

David R. Francis, vice-president of the Merchants-Laclede National Bank of St. Louis, and member of the executive committee of the Mississippi Valley Trust Company, will consider "Kansas from the Viewpoint of a Missourian," and W. J. Bailey, vice-president of the Exchange National Bank of Atchison, "Missouri from the Viewpoint of a Kansan." The two former Governors of neighboring States are deemed qualified to praise and condemn.

Franklin MacVeagh, Secretary of the Treasury, and F. O. Watts of Nashville, Tenn., president of the American Bankers' Association, will be the other speakers. Mr. Watts will render an address on the "American Bankers' Association."

IMPORTANT CHANGES IN NATIONAL BANK OF COMMERCE, NEW YORK.

Following a meeting of the board of directors of the National Bank of Commerce of New York, held April 5, the following announcement was made:

"The deaths of D. H. Moffat, Paul Morton and the resignations of H. H. Vreeland, W. G. Oakman and F. M. McKnight, left five vacancies in the board. To fill these vacancies the following directors were elected: President F. A. Vanderlip of the National City Bank; Francis L. Hine, of the First National Bank; Albert H. Wiggin, of the Chase National Bank; Judge W. A. Day, vice-president and acting president of the Equitable Life Assurance Society, and Vice-President W. A. Simmonson, of the National City Bank.

"The following were added to the finance committee: Frank A. Vanderlip, Albert H. Wiggin and Francis L. Hine. This increases the number of members to nine. Mr. Wiggin succeeds Valentine P. Snyder on the committee."

The meeting adjourned without electing a president to succeed Valentine P. Snyder, whose resignation took effect on April 1. No announcement was made concerning plans for filling the vacancy.

NO MORE SPECIAL CHECK BOOKS.

The Birmingham Clearing-House Association of Birmingham, Ala., has decided that the banks belonging to that association will discontinue giving to customers, either directly or indirectly, special check books bearing their names, business cards, printed signature forms, numbers, special binders or removable check binders, except when the cost is paid by the customer. The banks will continue to furnish to the customers the regular check books that are kept in stock.

GET YEGGMEN CONVICTED.

The protective committee of the Wisconsin Bankers' Association, with the aid of District Attorney Varnum, at Hudson, Wis., recently secured the conviction of six yeggmen, John Howe, John Webb, George Williams, Harry Smith, Harry Daniels and Frank Mulvaney, captured at Northline on January 12. The men had all kinds of burglars' tools in their possession and it is believed that they came over from St. Paul to loot a bank at Hudson. The men had in their possession, nitro-glycerine, caps and fuse, soap, skeleton keys, files, knives, flash-

lights, syringe, revolvers, loaded cartridges and a whole kit of tools.

COSTLY WORD IS "THE."

"The" as a prefix to the title of a State bank is a rather costly word, "The" Farmers and Merchants State Bank of Ballinger, Texas, has so discovered. Desiring to drop "The" as a part of its official title, the bank officials inquired if it was official. Informed that it was, they asked what was necessary to have it eliminated. The State Banking Department has ruled that nothing short of a charter amendment—which will cost $50—will do the work properly.

NEW BANK IN EL PASO, TEXAS.

At El Paso on May 1, the Union Bank and Trust Company, the new El Paso institution, will open for business. Officers of the new bank have been elected as follows: President, E. Moye; vice-president, Henry Pfaff; secretary, Max Moye; cashier, Adolph Schutz. Mr. Schutz is at present assistant cashier of the American National Bank.

SAVANNAH BANKER WILL ENTERTAIN.

When the Georgia State Bankers' Association meets at Tybee in June, the members will be the guests of Mills B. Lane, president of the Citizens' and Southern Bank of Savannah, for the second evening of the session. Mr. Lane has expressed the wish to entertain the visitors, and he has been accorded this distinction. The affair promises to be one of much interest.

Mr. Lane is very proud of the new Hotel Tybee, which he helped finance, and as he was the first president of the State Bankers' Association, he is desirous of acting as host at the hotel which is largely the result of his efforts.

W. G. EVANS HEADS MOFFAT ROAD.

As had been generally expected, W. G. Evans, president of the Denver City Tramway Company, was elected president of the Denver, Northwestern & Pacific Railroad (Moffat Road), to succeed David H. Moffat, late president of the First National Bank of Denver. Fred G. Moffat was elected vice-president and Gerald Hughes was named as a director of the company.

TENNESSEE BANKS MERGE.

The owners of deposits aggregating $375,000 have been spared the expense of long and costly litigation by an agreement between the directors of the First National Bank of Bristol and those of the Citizens' Bank of Bristol, Tenn. The business of the Citizens' Bank, now in receivers' hands, has

merged with the First National Bank. This bank will be ready to pay depositors of the Citizens' Bank as they may demand.

The directors of the First National Bank inquired carefully into the assets of the closed bank, and besides being convinced that they were satisfactory within themselves, as a precautionary measure required and received an indemnity bond of $80,000 from the directors of the Citizens' Bank.

INTEREST AND SAFETY.

North & Co., bankers of Unadilla, N. Y., have sent the following announcement to their depositors. It contains much common sense and is reproduced herewith:

To Our Depositors:

At present there seems to be a strife among many banks as to which can pay the highest interest and offer the most inducements to secure deposits. We are not in that strife. We aim to extend to our customers every accommodation which their accounts will warrant, but do not mean to break sound banking rules to get business.

Remember that the speculative bank pays high interest and offers many inducements to secure deposits to use in promoting its schemes—the conservative bank recognizes that it is the trustee for the depositors, and must receive a fair remuneration for its services, in order to meet the necessary expenses of running business.

Nothing is so sensitive as capital—this was proven by the money hoarding during the panic. A false report, an idle rumor, is liable to cause a certain class of people to "make a run on a bank," and it will simply be "history repeating itself" if, in the future, the same people who are now putting money in banks to get high interest, would be charging en masse on those banks in a mad rush to draw their money out.

There are expenses in conducting a bank which cannot be dodged. Like every other business there is a per cent. of loss that must be provided for—and when a bank over-steps the line of safety, in doing business for nothing in order to secure deposits, that very minute the bank must begin to make itself good by speculation and taking undue chances, because the margin of profit on legitimate, conservative banking business is not large enough to warrant such concession.

To-day the real problem to be solved by a bank is not how many bonuses can be offered to secure business, or how much profit there will be in this boom or that speculation—but how it can best protect and keep safe the deposits already intrusted to its care. It is not so much a question of profit as of safety.

The bank that attempts to better its condition by paying too high interest on deposits, is as foolish as the boy who tried to cure his bilious attack by eating another piece of pie. How can a bank afford to pay more interest in bad times after a panic,

than it could in prosperous times before the panic?

While some banks, during and since the panic, have offered increased interest rates on deposits, we have deemed it best to call in promiscuous loans and invest our capital in United States Government bonds—thereby placing an extra safety back log for the protection of our depositors, for, as a noted financier has written, "The safest investment in the world is United States Government bonds."

1911 CONVENTION CONNECTICUT BANKERS' ASSOCIATION.

On June 21-22 the annual convention of the Connecticut Bankers' Association will be in session at The Griswold, Eastern Point, New London, Conn.

NEW YORK BANK MOVES UPTOWN.

The Hungarian-American Bank, which is at the present time controlled by the Central Credit Bank of Budapest and by the Hungarian Commercial Bank of Pest, the latter one of the largest and strongest financial institutions in Hungary, is now doing business at its new quarters, 147 Fifth avenue, New York. The bank is in a position to assist in providing for the increase of banking facilities required by the numerous merchants who are moving up on Fifth avenue from downtown.

LOS ANGELES CHAPTER PLANNING A CLUB HOUSE.

The Los Angeles Chapter of the American Institute of Banking is arranging for the erection of a three-story building to be occupied as a club house. According to the present plan the building is to be fifty by 150 feet, and is to cost about $40,000.

The organization has a membership of 400, comprised of bank clerks and officials and about forty others interested in the chapter and its work.

BIG DIVIDEND DECLARED.

A dividend of twenty-five per cent. has been declared by the Union Trust Company of Pittsburgh to stockholders of record March 25, payable April 1. The former disbursements of the company have been fifteen per cent. quarterly, with a Christmas dividend of six per cent. Although it is not so termed, it is assumed that the present is a quarterly declaration. The institution has a capital of $1,500,000 and surplus and profits of over $27,000,000.

MERGER OF NEW ORLEANS BANKS.

The purchase of the assets and good-will of the People's Bank and Trust Company of New Orleans by the Inter-State Trust and Banking Company of that city, was recently effected. The Inter-State, in addition to maintaining its own banking quarters, will continue to conduct the business of the People's Bank and Trust Company in the People's Bank building. An announcement made with regard to the change states that the Inter-State has heretofore specialized to a great extent in bond, trust and savings business, and as it has not done a large commercial banking business, it has had a surplus in cash and funds in hand which could be profitably employed in commercial banking. The People's Bank and Trust Company has a very large commer-

cial banking business and it was this that the Inter-State desired to get. The People's was chartered in 1865; it has a capital of $100,000 and deposits of about two and a half million dollars. The Inter-State Trust and Banking Company was formed in 1902 and has $750,000 capital, with deposits of over $4,000,000. Lynn H. Dinkins, its president, is chairman of the Committee on Protective Laws of the Trust Company Section of the American Bankers' Association. Three of the officials of the People's have been taken over by the Inter-State, namely, Charles E. Novel, cashier, and H. Dabazies and A. Lacour, assistant cashiers.

A RECORD OF GROWTH.

As may be seen from the following table of figures, the Corn Exchange National Bank of Philadelphia has experienced a remarkable growth with the past three and a half years:

DEPOSITS.

1907, December 3	$12,890,803
1908, February 14	15,363,094
1908, November 27	18,508,103
1909, February 5	18,853,806
1909, November 16	19,004,412
1910, January 31	19,234,283
1910, November 10	20,988,414
1911, January 7	21,539,035
1911, March 7	22,956,765

CHICAGO BANKS CONSOLIDATE.

The People's Trust and Savings Bank has absorbed the Railway Exchange Bank. The combination will give the People's Trust and Savings Bank total deposits of more than $5,000,000. Only three officials of the Railway Exchange Bank will be added to the official roster of the People's Trust and Savings Bank. A. M. Rode, cashier; R. B. Upham, manager of the bond department, and H. T. Griswold, assistant cashier, will assume similar positions in the new consolidated institution.

BIG ENGINEERING CONTRACTS AWARDED TO NEW YORK COMPANY.

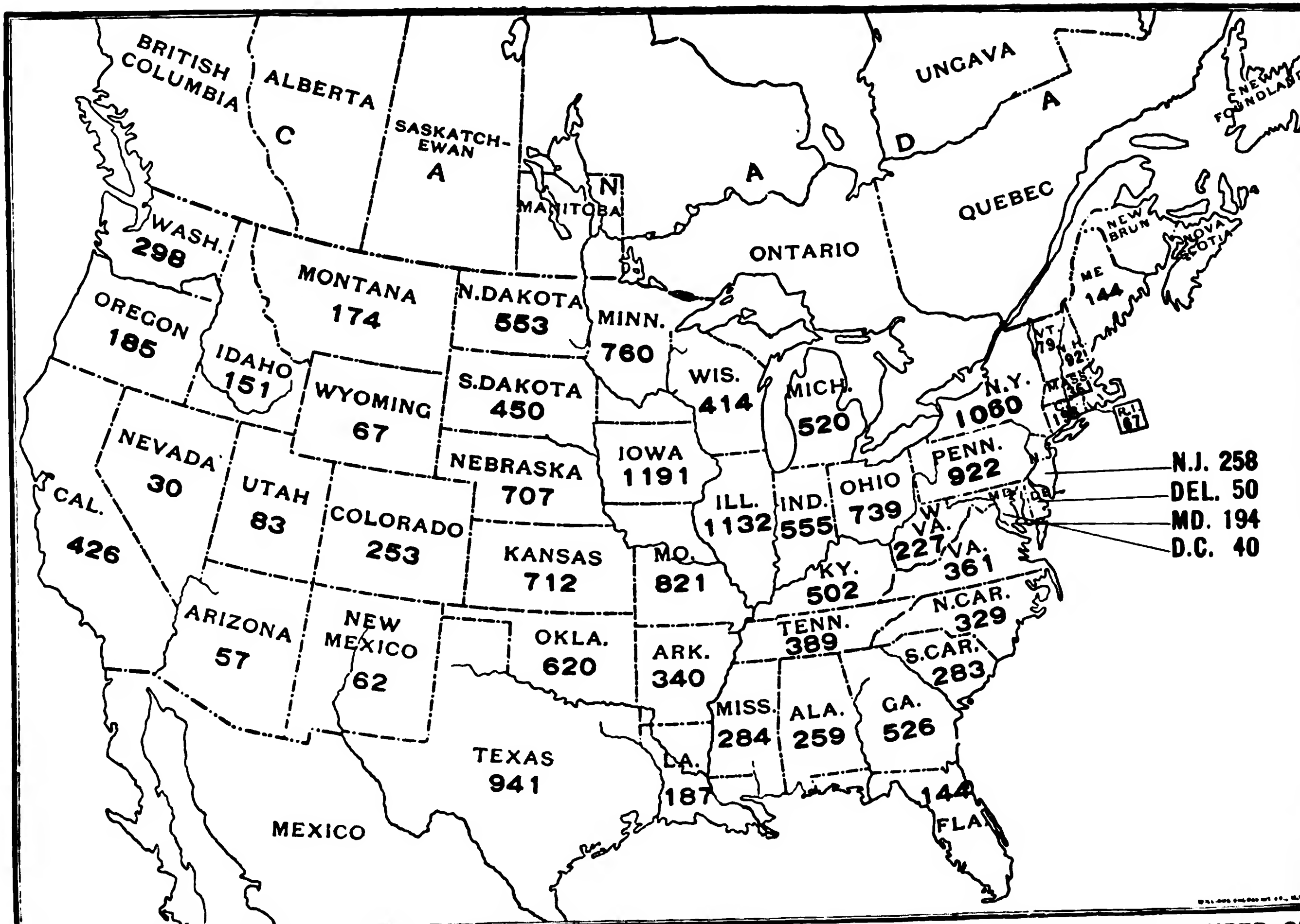
J. G. White & Co., Inc., of New York, has contracted with the Augusta Railway and Electric Company and the Augusta-Aiken Railway Company of Augusta, Ga., to extend and improve their systems and power houses; estimated cost approximated, $500,000.

The power house extension is planned for two 2,500 K. W. steam turbines, one of which, with the necessary boilers and auxiliaries, will be installed this year. A seven and one-half mile transmission line will be built from the power house in Augusta to the power house of the Augusta-Aiken Railway Company near Clearwater, S. C., and a 500 K. W. motor generator set will be installed at this point and a 300 K. W. set in the present sub-station near Aiken.

Under an arrangement with the city the wires in the city of Augusta will be placed under ground on three of the principal streets, involving the laying of about three miles of conduits. In connection with this underground work, the company will also install ornamental poles on Broad street, Augusta, carrying its trolley wires and feeders and also clusters of tungsten lamps for street lighting. An extension of about one mile of single track will be made and the reconstruction of a large amount of the present tracks is planned.

FIRST NATIONAL BANK OF HOUSTON TO BUILD.

Plans have been completed for a new $50,000 annex to the First National Bank



MAP SHOWING DISTRIBUTION OF THE 20,000 GUARANTEED CIRCULATION OF THE 65th ANNIVERSARY NUMBER OF THE BANKERS MAGAZINE.

building at Main and Franklin streets, Houston, Tex. The new structure, which is to consist of two stories and basement, will be used to house the power plant, which will be taken out of the basement of the present building, as well as the office of the building superintendent and his employees. The annex will be of uniform construction with the First National Bank building and the new eight-story office annex, and will go up on the east side.

BIG TRUST COMPANY FOR SAN ANTONIO.

The newest financial institution to be added to the list of those already located in San Antonio is the Texas Land and Trust Company, with a capital stock of $5,000,000, which is now projected. It is expected that the new concern will begin business within a few months. Among the incorporators are named: N. S. Graham, president of the American Bank and Trust Company and treasurer of the Equitable Life Insurance Company; Judge Charles W. Ogden, attorney, of the law firm of Ogden, Brooks & Napier; J. H. Savage, vice-president West Texas Bank and Trust Company and manager of the G. Bedell Moore estate; Nat M. Washer, president of Washer Bros., director of the National Bank of Commerce and former president of the Chamber of Commerce; W. W. Collier, vice-president of the State Bank and Trust Company; Judge S. J. Brooks, attorney, member of the firm of Brooks & Napier; Dr. J. M. Strahorn, physician; A. L. Slaughter, lately of Waco, insurance and stocks; J. C. Bland, late of Waco, stocks and bonds; F. L. Pudig, merchant, of Waco; J. H. Whyte, capitalist, of New Orleans; O. H. Lutz, insurance and stocks, of San Antonio; Thomas F. Cunningham, wholesale commission merchant, commissioner of New Orleans Public Belt Railroad Company, director New Orleans Board of Trade.

One of the chief purposes of the company will be to loan money on mortgages throughout Texas and the South, a European source of supply being assured. Development of lands and the functions of a trust company generally will be carried out.

PROSPEROUS CALIFORNIA BANK.

On the seventh of March the Union National Bank of Pasadena, Cal., reported a capital of $100,000, surplus and undivided profits of $41,082, and deposits of $1,638,506. The Union Savings Bank, an affiliated institution, has loans of $993,210, a paid-up capital of $100,000, and deposits of $1,433,-994. Both banks are managed by the same directors and stockholders. The officers and directors are as follows: H. I. Stuart, president; C. W. Smith, vice-president; E. H. Groenendyke, cashier; H. L. Mouat, assistant cashier, C. W. Gates, E. S. Gosney, L. R. Macy, T. P. Phillips, George W. Stimson.

PROMINENT A. I. B. MAN HONORED.

J. R. Byers has been elected assistant cashier of the Minnesota Loan and Trust Company of Minneapolis. He has been with the bank eleven years and previous to coming to Minneapolis was for six years with the Citizens' Bank of Monroe, Wis. Mr. Byers for nearly two years has been discount clerk. He is a member of the Minneapolis Chapter of the American Institute of Banking.

COMMERCE AND DEPOSIT BANK OF CINCINNATI TO LIQUIDATE.

President William A. Hopkins of the Commerce and Deposit Bank of Cincinnati, has issued a statement saying that the directors have decided to liquidate the institution. The depositors will be paid in full, the bank closing only because the individuals back of it wish to retire. The bank has a paid-up capital of $27,700 and deposits of $96,000.

GROWTH OF THE EQUITABLE LIFE ASSURANCE SOCIETY.

Judge William A. Day has been elected president of the Equitable Life Assurance Society to fill the vacancy which has existed since the death in January of Paul Morton. Judge Day was formerly a vice-president of the company.

According to the fifty-first annual report of the Equitable Life Assurance Society there has been a phenomenal growth in outstanding insurance during the past half century. The growth is graphically represented by the following table:

GROWTH IN OUTSTANDING INSURANCE.

Dec. 31, 1859	$1,144,000
Dec. 31, 1860	2,645,500
Dce. 31, 1870	143,970,984
Dec. 31, 1880	177,597,703
Dec. 31, 1890	720,662,473
Dec. 31, 1900	1,116,875,047
Dec. 31, 1910	1,347,158,692

On December 31, 1910, the total assets of the society aggregated $494,715,923. The financial strength of the society is illustrated by the fact that of this amount, $85,095,459 consists of surplus assets, the total liabilities of the society being $409,620,464.

W. H. JAMOUNEAU, CASHIER FIRST NATIONAL BANK OF EAST NEWARK, N. J.

Walter H. Jamouneau, the popular cashier of the First National Bank of East Newark, N. J., was born in Guernsey, England, in 1865 and came to Newark in 1870. Twenty-nine years ago he started in the Essex County National Bank of Newark as

W. H. JAMOUNEAU

CASHIER FIRST NATIONAL BANK OF EAST NEWARK, N. J.

a messenger, but was promoted many times, attaining the position of paying teller in 1901. On February 14, 1910, when the First National of East Newark was organized, Mr. Jamouneau was made cashier, and so continues to-day. Associated with him in this institution are the following officers and directors: Thomas E. Gleeson, president: Samuel Decker, vice-president; John W. Reid, vice-president; Robert Jackson, assistant cashier. Directors: Thomas E. Gleeson, Samuel Decker, F. C. Van Keuren, F. W. Horstmann, Adam H. Groel, Edward Kenny, William N. Ball, John W. Reid, Arthur Greenfield, James Wallwork; George H. Gleeson, counsel; W. H. Jamouneau, William E. Holloway.

ELECTIONS AT MISSISSIPPI VALLEY TRUST COMPANY OF ST. LOUIS.

A new director and a new safe deposit officer of the Mississippi Valley Trust Company were elected by its board of directors at their regular meeting Wednesday, April 12.

The new member of the board is Judge Henry S. Priest and the new officer is Frank C. Ball. Judge Priest's election fills the vacancy created by the death of the late Judge Wilbur F. Boyle, his partner in the firm of Boyle & Priest. He is a prominent lawyer and has figured as counsel in some of the most celebrated cases tried in the courts of St. Louis in recent years. He is a native of Ralls County, Missouri, and a graduate of Westminster College, Fulton, Mo. He was admitted to the bar in 1873 and since has been continuously engaged in the practice of law in St. Louis. He was in partnership with Judge Boyle, whom he succeeds on the Mississippi Valley Trust Company's board, from 1905 until the latter's recent death.

Frank C. Ball, who succeeds Charles W. Morath as safe deposit officer, has been in the service of the company since 1906, when he resigned the position of assistant cashier of the Jefferson County Bank of De Soto, Mo., and came to St. Louis. He is at present secretary of the St. Louis Chapter of the American Institute of Banking, and by reason of an unanimous nomination, April 12, he may be called the president-elect of that organization for the year 1911-12.

GENERAL NEWS NOTES

Personal and Otherwise

—Norman H. Davis, vice-president and general manager of The Trust Company of Cuba in Havana submits a statement showing the financial condition of his institution for the year ending December 31 that shows plainly the remarkable growth and development of the trust company business in Cuba. The company now holds mortgages, securities and properties in trust, as trustees under bond issues or under private trusts to an amount exceeding $5,000,000, which does not show in the regular financial statement.

For the year 1910, the gross profits amounted to $94,316, the expenses to $34,218, leaving a profit of $60,098. From the profit of $60,098 the directors placed $5,500 to a contingent account to provide for losses, paid out $30,000 in dividends—thirty-three per cent. semi-annually—on July 15, 1910, and January 16, 1911, and placed $20,000 to the reserve fund.

In its first five years of business this company has earned $246,000 of which it has paid to its stockholders in cash dividends the sum of $145,000 or twenty-nine per cent. on its capital of $500,000, $17,000 in taxes and placed $80,000 to the reserve fund.

The report submitted gave the deposits at $527,454, total resources at $1,126,254.

—Lewis H. Losee, who for the past five years has been assistant general manager of the Lawyers Title Insurance and Trust Company, in charge of the Brooklyn office, was selected vice-president of the company at a meeting of the directors held in Manhattan March 8.

Herbert E. Jackson, formerly comptroller of the company, has been elevated to the position of general manager.

For the present the assistant general managership will remain vacant. No action was taken to fill the vacancy of assistant secretary, created by the resignation of G. A. Fleury, who is now president of the United States Title Company.

Mr. Losee will continue in charge of the Brooklyn business of the company, and it is probable that when the assistant general managership is filled the new incumbent will assist Mr. Losee in the conduct of the growing local business. Mr. Losee is also president of the Queens County Mortgage Company.

—A comparison of the two last statements rendered by the Bankers Trust Company of New York, one dated November 10 last and the other prepared as of February 28, 1911, reveals a growth that is highly gratifying to those who have seen this institution develop along conservative lines. Total resources have increased from $77,800,433 to $94,164,466, and deposits from $63,060,457 to $76,074,218.

—Stockholders of the Federal Trust Company of St. Louis, Mo., voted to change the name to Federal Trust Company, for the sake of a shorter title.

Amendments to the charter were voted which will empower the company to receive deposits, conduct safe deposit vaults, manage estates and transact a complete trust company business. According to President C. B. Thomas, the company has no intention of opening a bank and will confine its business to the present lines, financing enterprises outside the field of the banking business.

—According to a report dated February 28, the Trust Company of America in New York has loans outstanding to the amount of $18,166,870; liquid assets of $192,201; total resources of $36,078,202, and total deposits of $27,256,100.

—On March 7 the Central National Bank of Topeka, Kan., reported loans and securities of $1,349,834, a surplus of $40,000, deposits of $2,256,645, and total resources of $2,704,354. The officers are: J. R. Burrow, president; E. E. Ames, P. I. Bonebrake, E. H. Crosby and S. S. Ott, vice-presidents; George A. Guild, cashier; F. C. Thompson, assistant cashier.

—On the first day of March the First National Bank of Kansas City, Mo., commemorated its twenty-fifth anniversary. An engraved letter was mailed to friends and patrons, calling attention to the fact that the original capital was $250,000, and the present capital, surplus and profits will total $2,500,000.

—At the close of business, March 7, the Fourth National Bank of New York reported discounts and time loans of $20,643,939; demand loans of $13,905,094; $10,683,354 of capital, surplus and net profits; deposits of $44,431,642 and total resources of $56,108,053.

—The banking house of Spitzer & Co., established in 1871, and having offices at Toledo, New York and Chicago, announces the change of its firm name to Spitzer, Rorick & Co. All the partners of Spitzer & Co. continue as partners in the new firm, with the exception of Sidney Spitzer.

—H. M. Byllesby & Co., construction engineers, have issued an illustrated booklet describing the cities served and the properties operated by them. It shows finished and unfinished work of every kind, from the installation of a concrete dam and power-house to the planting of a line of telephone poles, equipped with the specially designed Byllesby arms. There are several photographs of night scenes in thriving western cities, showing the illuminations in use.

—Under the management of H. P. Stimson the Hotel Cumberland, Broadway and 54th street, New York City, has achieved a unique distinction as a modern hotel with every comfort and convenience for those who appreciate these features without too much display and at a moderate price.

Within easy and comfortable access to all railroad stations, theatres and restaurants, the Cumberland possesses many advantages for bankers visiting New York, among which is the fact that Mr. Stimson was himself formerly a banker.

CANADIAN NOTES

—At the annual meeting of the Bank of British North America, held in London, the usual dividend was declared at the rate of six per cent. per annum and bonus of one per cent. per annum, making in all seven per cent. for the year.

The sum of $125,000 was transferrred to the reserve fund, making the total now $2,725,000, and $50,000 was transferred to bank premises account, and a balance of about $105,000 was carried forward.

As in 1910, a general bonus of five per cent. was granted to the staff of the bank, and altogether the year has been one of much expansion and growth in all departments of this flourishing institution.

—The paid-up capital of this enterprising bank is now $1,123,000, with an addition of $100,000 subscribed for. Four branches were opened during the past year, three of these being in Manitoba and one in Saskatchewan, this being another evidence of the rapid growth of the bank's western business. The total assets amount to $9,704,636, or an increase of about $1,800,000 over last

HOME BANK OF CANADA. HEAD OFFICE, TORONTO, ONT.

year's total. The bank's liabilities to the public amount to $8,111,060, and are composed of $5,998,906 for deposits bearing interest, and $1,465,021 for deposits not bearing interest, while there are notes in circulation valued at $743,770. Liabilities to the shareholders include $1,123,257 for paid-up capital and $375,000 for reserve account, while the contingent account calls for $50,000. The amount to be carried forward this year is $28,203, against $55,629 from last year.

OPPORTUNITY FOR THE RESOURCEFUL INVENTOR

A RECEIVING teller's cash register was recently suggested by a bank president as something to be desired in banks, building associations and other business houses where deposits are received and entries made in the depositors' books. The register should have means for entering the deposits in the pass books and for duplicating such entries for the bank, together with a record of the corresponding depositor, together with the usual registering and totalizing devices common to the ordinary cash register of commerce.

AN UNUSUAL INVESTMENT PROPOSITION

A Seven Per Cent. Preferred Industrial, Yielding 6.4 Per Cent. Net Participating Equally With Common in All Dividends, and Protected by Property Valued at More Than Two to One

By Edward White

It is indeed unusual to find an issue of cumulative preferred stock of any kind which shares equally with the common in the distribution of all dividends, and it is still more extraordinary to find that stock with a guaranty of 6.4 per cent. net and protected by tangible property conservatively valued at two and one-half times the total issue.

It is putting it mildly to say that such a stock should be attractive to the most

C. R. HOUSER
TREASURER AND GENERAL MANAGER AMOLE SOAP COMPANY, PEORIA, ILLINOIS

careful, most conservative investor, and yet when the truth is fully realized it is one of the plainest propositions ever presented to the public. Briefly told, the story is this: In 1883 an English soap-maker, Abraham Brayshaw, established a small factory at Peoria, Illinois, for the production of soaps from the root of a plant grown in Mexico. Mr. Brayshaw was the sole possessor of the secret of extracting the saponaceous qualities of the plant, and later he took the precaution to protect himself and his business with trademarks and patents from the United States patent office at Washington. The superiority of the goods which he manufactured, under the name of Mexican Amole soap, enabled him to build up a living business, but no effort was made to push it. For twenty-seven years Mr. Brayshaw and his three sons plodded along, giving the most perfect satisfaction to all who used their goods, but without taking advantage of the wonderful opportunity which their formulas and their methods afforded.

In the fall of 1910, a close corporation organized under the name of the Amole Soap Co., purchased the factory and equipment with all the valuable trademarks and patents renewed under new serial numbers. Being headed by Mr. C. R. Houser, a practical business man, moved by modern hustle and perseverance, and who earned his first dollar as a boy in the employ of the old Mexican Amole Soap factory, the new company began immediately to develop a business with a wonderful paying capacity. The last four months under the old management the volume of business transacted reached a total of $20,150, whereas the first four months under the new management the figures reached a total of $29,741, a net gain of nearly fifty per cent. This was accomplished with the infection of energy, but without any advertising whatever.

The profits are so large as to warrant the management in saying that if the present business is maintained, without any further increase, the first year's dividends will be sixteen per cent., and possibly more, that is, the common stock ($150,000) will be paid sixteen per cent., and the preferred ($50,000), even if all of it is sold, will be paid sixteen per cent.—seven per cent. guaranteed and nine per cent. extra to make its participation equal to that of the common stock.

The financial standing of the company is seen in the following statement:

ASSETS.

Real estate, low estimate	$80,000
Machinery, etc.	18,000
Stock on hand	32,000
Cash and accounts receivable	18,000
Patents, good will, etc.	52,000
Total	$200,000

LIABILITIES.

Capital stock outstanding	$160,000
Indebtedness on building	21,000
Current accounts	19,000
Total	$200,000

The real estate valuation, including as it does eighty-one feet on Water street, Peoria, with two three-story buildings and four one-story buildings, is very conservative, as is also the value put upon the machinery and

stock on hand, and yet the total of these tangible assets, with the total indebtedness deducted is $109,000, or more than twice the amount of the preferred cumulative seven per cent. stock. This stock has a first lien on all the property of the company, and is offered for sale at $110 per share.

Soap, as we all know, is one of the most staple articles of modern commerce, and it has reached a point where the prime consideration in its purchase is quality. Therefore, it is easy to see that if a concern manufactures a quality which commands sales of over $7,000 a month solely on the merits of the article, and without the help of advertising or salesmen on the road, the same concern can, with the aid of additional capital, soon swell its business to enormous proportions.

Further information concerning this enterprise can be had by addressing the Amole Soal Company, 117 Water street, Peoria, Illinois.

Reference may be made to the Illinois National Bank, William C. White, cashier, Peoria, Illinois.

WITH BANKERS MAGAZINE ADVERTISERS

ARTISTIC BRONZE SIGNS AND TABLETS

THE bronze medal with reverse side in enamel reproduced herewith is the work of W. H. Abbott, of 143 West 42nd street, New York. Mr. Abbott has an advertisement appearing elsewhere in this issue of THE BANKERS MAGAZINE. He makes designs, name plates, architectural and memorial tablets in bronze and brass, and makes a specialty of bronze signs for bank buildings.

WHERE THE STATUTE OF LIMITATIONS NEVER RUNS

A WELL-KNOWN Kansas banker told a story the other day about the statute of limitations.

One day an old Southerner walked into this banker's office. The Southerner was a typical gentleman of the old school.

"What can I do for you?" asked the banker.

"Well," replied the Southerner, "about thirty-five years ago I loaned a man down South some money—not a very big sum. I told him that whenever I should need it I would let him know and he could pay me the money. I need some money now, so I shall let him know and I would like to have you transact the business for me."

"My good friend," replied the banker, "you have no claim on that money. The statute of limitations has run against that loan years and years ago."

"Sir," replied the Southerner, "the man to whom I loaned that money is a gentleman. The statute of limitations never runs against a gentleman."

So the banker sent for the money, and within a reasonable time thereafter the money came. There was a courtly gentleman at the other end of the transaction also.—*Kansas City Journal.*

THE
BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-FIFTH YEAR JUNE, 1911 VOLUME LXXXII, NO. 6

WILL THE ALDRICH PLAN INFLATE THE CURRENCY?

WHILE apparently the plan devised by the Chairman of the National Monetary Commission is primarily intended to improve the country's banking mechanism — and if adopted and wisely administered it will undoubtedly effect a great improvement —the measure deserves careful study as to its probable influence on the currency and on bank credits.

The plan provides for the gradual substitution of notes of the National Reserve Association to replace the present bank notes. This will make no change in the volume of this kind of currency, but will merely be a replacing of one kind of currency with another. But in addition the Reserve Association is to be empowered to issue an additional amount of notes, subject to a graduated tax and secured by a reserve of gold or other lawful money and by United States bonds or bankable commercial paper. As this additional currency is taxed at from three to six per cent., and based upon a gold or lawful money reserve of thirty-three and one-third per cent., inflation from this source is not likely. The character of the notes issued to replace the present national bank notes will be an improvement on the latter, for they will not only be based partly upon commercial paper instead of wholly upon Government bonds, but will also have a reserve of one-third in lawful money behind them. The cover for the additional notes will be the same.

It seems to be the aim to transfer to the Reserve Association a considerable portion of the lawful money reserves which the banks now keep in their own vaults. The money so transferred by the national banks alone may amount to a billion dollars, and if the State banks and trust companies are brought in it may amount to twice that sum. These redeposited reserves will still count as a part of the reserves of the banks to which they belong. A bank depositing a portion of its reserve with the National Reserve Association will receive in return either the notes of the Reserve Association or a credit on its books for the sum deposited. The money thus coming to the Reserve Association will be doing double reserve duty, for while still counting as a reserve of the depositing bank it will also count as part of the reserve of the National Reserve Association for its deposit and note liability.

But as if this were not a sufficient stretching of the string, the Currency Commission of the American Bankers' Association has adopted a recommendation that the notes of the National Reserve Association shall also be counted as a part of the lawful money reserves of the banks.

In his admirable address before the recent meeting of the executive council of the American Bankers' Association at Nashville, Mr. James B. Forgan, president of the First National Bank of Chicago, thus defended such use of these notes:

"It is proposed that the National

Reserve Association shall, upon application and without charge for transportation, forward its circulating notes to any depositing bank against the credit balance of the bank. It is not suggested by Senator Aldrich that these notes in the hands of the banks shall count as part of their legal reserves and some sound economists have objected strenuously to their being so counted. It seems to me, however, that these authorities adhere to their preconceived ideas against counting any mere promise to pay lawful money as part of a bank's legal cash reserves and fail to grasp the full force of the central idea on which the National Reserve Association is to be organized. This idea is that the National Reserve Association shall take over, maintain and control the legal cash reserves of the banks and that the banks will be relieved individually of these responsibilities. Were the banks to continue to be individually responsible as they are now for the redemption of these circulating notes, or were they to continue to be individually responsible for the maintenance of their legal reserve in lawful money, then, of course, the arguments against counting such notes as part of their required legal reserve would be unanswerable. But these are responsibilities of which the banks are to be relieved by the organization of the National Reserve Association. Under such an arrangement I can conceive of no difference between the *deposit* liability of the National Reserve Association, which is to count as part of the legal reserve of the individual banks, and its *demand note* liability. The notes should also be counted as reserve when in the possession of the banks. The difference is one of form and not of substance. They are convertible from one to the other at the pleasure of the banks, and in the first instance they are acquired by the banks in exactly the same manner and for precisely the same consideration—either the deposit of legal reserve money, or its equivalent, or the rediscount of available paper."

The portion of their reserves which the banks now keep on hand have but one use—to protect the bank's outstanding credits. But when redeposited with the Reserve Association they will not only retain this function, but acquire another—that of serving as a protection for the credits of the Reserve Association itself, and an added function is conferred on these redeposited reserves—that of protecting the notes of the Reserve Association, and these notes (themselves partly issued against a reserve already otherwise employed) are again to be used as a basis of still other credits. This will tend to lessen the incentive of the banks for having the Reserve Association's notes redeemed, and will make them a part of the fixed circulation of the country.

In a country like this, with so many banks, the conferring of a monopoly of note issues upon a single institution may lead to some danger of inflation—a danger which will be enhanced by permitting the use of the notes as a substitute for lawful money reserves.

POLITICS AND BUSINESS

BUSINESS men are complaining of the depressing effects due to the tariff agitation in the special session of Congress. While general conditions are undoubtedly good, business is lagging. The injury to business which always follows any actual or threatened change in the tariff of a radical nature would seem to be an argument in favor of having the tariff considered by a permanent commission, and making such slight changes in particular schedules from year to year as experience might require.

No sooner will the extra session be out of the way than the possibilities of

the Presidential campaign of 1912 will begin to loom up in the background. While it is altogether too early to prophesy what the issues of that campaign may be, indications point to developments that may prove to be of a disquieting nature. It looks very much as if the Democrats would put up Governor WILSON of New Jersey as their candidate, while the Republicans will probably renominate President TAFT. If one may fairly judge of Governor WILSON's attitude by his actions and declarations, he will probably make his campaign on what he calls "restoring political power to the people."

Without at all defending the political bosses, for whom this MAGAZINE has no tender solicitude, it may be truthfully said that this movement for placing greater political power in the hands of the people is not wholly without dangerous consequences. We believe, however, that the people have firmly made up their minds to regain that political power, which Governor WILSON says they have in a measure lost, and they will not stop until everything possible is done to make State and national legislation, and even the decision of the courts, quickly responsive to the public will.

The elaborate checks found in the State and Federal constitutions for preventing hasty and ill-considered legislation no doubt have their origin in a distrust of the people. That these checks are gradually giving way, may be inferred from the movement in England to abrogate or restrict the veto power of the House of Lords and the attempt in the United States to provide for the election of the members of the Senate by direct vote of the people.

The foundation that may have once existed for distrusting the people has been measurably lessened by the spread of education. Whatever dangers may result from precipitate popular action, one thing is sure, namely, that the popular verdict will at least represent the conscientious convictions of the people. It is, we think, precisely because legislation obtained under the existing system often fails to reflect the public conscience that the people have decided upon a change. In the long run the country will probably suffer much less from the results of hasty action by the people than it will from the sober and deliberate determination of the political bosses to deliver legislation over to the special interests.

Although the movement to confer greater and more direct power on the people will in the long run prove beneficial to the country, while the adjustment is being made, business interests are liable to suffer, just as the invention of labor-saving machinery, although ultimately helpful to workingmen, generally causes distress while the process of adjustment is going on.

While the political outlook for the immediate future, and for some time to come, is such as to cause much business anxiety, this may be largely counterbalanced by favorable crop conditions. If the agricultural output of the country during the coming fall is up to the usual standard, it will take something much more important than a reduction of the tariff or a destruction of the political bosses to prevent the return of prosperity.

DISCUSSION OF THE ALDRICH PLAN

EVIDENTLY the bankers of the country are not going to accept the Aldrich Plan for financial legislation without careful examination of its details.

In an able address before the Bankers' Club of St. Louis recently, Mr. BRECKINRIDGE JONES, president of the Mississippi Valley Trust Company of St. Louis, pointed out some serious objections to the nationalization of trust

companies as proposed by Mr. ALDRICH. Mr. JONES also shows that the plan would deprive a large number of State banks from sharing in the benefits of the proposed Reserve Association. He gives the accompanying facts regarding the relative growth of the different classes of banks from 1898 to 1909:

from the national system for lack of sufficient capital.

These criticisms should be carefully considered, for while it may be impossible to devise a plan that will not be open to some objections, discussion will tend to reduce these objections to a minimum.

INCREASE FROM 1898 TO 1909.

	State Banks		*Trust Companies*		*National Banks*	
	Absolute Increase	Percent Increase	Absoute Increase	Percent Increase	Absolute Increase	Percent Increase
Number	7257	179	679	170	3299	92
Capital	$182,400,000	78	$202,000,000	126	$304,000,000	48
Deposits	1,492,000,000	166	1,700,000,000	155	2,636,000,000	132

STATE BANKS WITH A CAPITAL OF LESS THAN $25,000.

	$5,000 or less..................	414
Over	5,000—less than $10,000........	240
	10,000—less than 15,000........	3,029
	15,000—less than 20,000........	1,420
	20,000—less than 25,000........	775
Total	....	5,878

None of these banks of less than $25,000 capital are in New England, while the Eastern States have but thirty-six. The Southern States have 1,786; the Middle West, 1,596; Western, 2,255, and Pacific, 205.

"These tables show," Mr. JONES says, "that the advantages of the Aldrich Plan would not be open to a large number of banks in the Southern and Western States."

Anything calculated to indicate that the plan in practice would work out to the advantage of a particular section only would probably be fatal to it.

All the State banks would be debarred from becoming stockholders in the Reserve Association unless they surrendered their State charters and entered the national system. And, as Mr. JONES points out, 5,878 banks now existing, or a considerable percentage of the total number, would be shut out

EXTENSION OF POPULAR POWER

PERSONS who would like to see fewer obstructions to giving effect to the popular will are much dissatisfied with the decision of the New York Court of Appeals upsetting the Workmen's Compensation Act on the ground of unconstitutionality. This dissatisfaction is well expressed by former President ROOSEVELT in a recent number of "The Outlook." He quotes the opinion of "one of the most eminent jurists" in the United States, as follows:

"Either American courts will make a different use of constitutions, or constitutions will become so odious that they will be thrown out of the back window. That will be a serious misfortune to the United States. We need the steadying power of written constitutions. But we will not submit to being perpetually frustrated in the accomplishment of those industrial and social reforms which every other free people in the world is free to accomplish."

Then the ex-President goes on to say:

"I very earnestly call the attention of the representatives of the great capitalists, and of all the big men of the

propertied classes, to the final words of this statement, and I also very earnestly call it to the attention of those who believe that the American people will permanently submit to having a small body of public servants rob them of the right of self-government, and above all of the right to move forward along the path already trod by every other great industrial nation in the direction of securing a more just treatment for wage-workers. It ought not to be necessary, but I suppose it is necessary, for me to reiterate what I have so often said: that I hold the judiciary of the Nation in very high regard; that I think that on the average the judge is a better public servant than the average executive or legislative officer. I hold all good public servants in high esteem; and I put the wise and upright judge on an even higher level than I put the wise and upright executive or legislator. But ours is a democracy, and we the people have the right to rule when we have thought out our problems and have come to a definite decision. The proper governmental system for a democracy is one under which the public servant is given full power to achieve results, and is then held rigidly responsible for his exercise of that power. I wish the judge to be given full power, power of the amplest kind, so that he may grapple with every issue that comes before him. I do not wish, for instance, to see the power of the judge in contempt cases so abridged as to render it impossible for judges to do what so many of them did in 1893, when in not a few States the fearless and wise action of the judges, while most of the executive and legislative officers had yielded to panic, was the chief factor in preventing the advent of chaos. I wish to see the judge given all power and treated with all respect; but I also wish to see him held accountable by the people. I wish to see the people exercise their power with moderation, and I wish to see the conditions such that it shall be necessary for them to think coolly, and make it evident that they have come to a well-settled conclusion before they can act against a judge. But they must have the power to act. And not only should they exercise this power in the case of any judge who shows moral delinquency on the bench, but they should also exercise it whenever they have been forced to come to the conclusion that any judge, no matter how upright and well-intentioned, is fundamentally out of sympathy with a righteous popular movement, so that his presence on the bench has become a bar to orderly progress for the right. I fail to see how any thoughtful man can read what I have above quoted and not see that this decision of the Court of Appeals of the State of New York is a case, not really of interpretation of the law, but of the enactment of judge-made law in defiance of legislative enactment, and in defiance of the interpretation of other legislative enactments by the highest courts of this country. Whatever the form, the substance of the action of the Court of Appeals is, not the interpretation of law, but the making of law, and the making of it in a way oppressive, well-nigh ruinous to the interests of the wage-workers, and indeed to society as a whole. It is out of the question that the courts should be permitted permanently to shackle our hands as they would shackle them by such decisions as this, as the decision by the same Court many years ago in the tenement-house cigar factory cases, and the decision in the bakeshop cases shackled them. Such decisions are profoundly anti-social, are against the interests of humanity, and tell for the degradation of a very large portion of our community; and, above all, they seek to establish as an immutable principle the doctrine that the rights of property are supreme over the rights of humanity, and that this free people,

this American people, is not only forbidden to better the conditions of mankind, but cannot even strive to do the elementary justice that, among even the monarchies of the Old World, has already been done by other great industrial nations.

"It is to our interests as a people that the courts should have the fullest power necessary to make them efficient. Where they do not abuse this power it is to our interest to leave them undisturbed. I would far rather see them thus left undisturbed; and it is for this very reason that I have again and again urged wide public comment upon their decisions, not merely as a right, but as a duty, and especially in the interests of the courts themselves. But perseverance in rendering decisions such as those alluded to above, such decisions as this of the Court of Appeals of the State of New York, would, in the end, render it absolutely necessary for the American people, at whatever cost, to insist upon having a more direct control over the courts. The only Socialist member in Congress recently advocated the abolition of all power on the part of the judges over legislation. There is no danger of the adoption of such a plan unless the courts by a long series of actions render it evident that, great though the evils of the proposed plan would be, the people must face them rather than submit to the evils of the existing system; and unfortunately the experience of all history teaches us that when people become goaded to action by a long course of abuses they are apt to reject the leadership of moderate reformers, and to go to violent extremes, in the effort to provide a remedy. I feel that it would be a very great misfortune for us as a people to have to abandon our system of written constitutions, and of legislation under them subject to judicial interpretation. But decisions such as this of the Court of Appeals, involving such far-reaching injustice and wrong (and implying in our Government such contemptible futility from the standpoint of remedying wrong and injustice), if unchecked and uncorrected, will go a long way toward convincing people that, at whatever cost, the entire system must be changed. The so-called conservatives who work for and applaud such decisions, and deprecate criticism of them, are doing all in their power to make it necessary for the Nation as a whole in these matters to go to a far more radical extreme than the most radical State has as yet even proposed to go."

We make this lengthy quotation for the reason that it seems to sum up very aptly the present temper of the people toward legislation and toward the courts. Whatever one may think of this tendency, it must be regarded as a very significant development.

ADMISSION OF TRUST COMPANIES TO THE NEW YORK CLEARING-HOUSE ASSOCIATION

AFTER many years of discussion, the New York Clearing-House Association has finally determined to admit the trust companies to membership. The companies admitted will be required to keep the same reserves as the other clearing-house banks, but fifteen per cent. of this may be kept on hand and ten per cent. deposited with other members.

The failure of the trust companies heretofore to affiliate themselves with the clearing house has made the weekly statement of the associated banks a very imperfect representative of the city's banking power. There are also many other considerations, which make it desirable that these institutions should belong to the association. Some of these reasons were very aptly stated by Mr. William A. Nash, chairman of the

board of directors of the Corn Exchange Bank of New York, in his address before the Clearing-House Association, when the matter was up for action. Mr. NASH said:

"But, gentlemen, besides these narrow and technical objections to the amendments there is a wider and broader reason for our action to-day which has pressed upon me ever since this movement was first started. We are doing more than admitting trust companies to our clearings. We are consolidating and controlling the banking powers of New York. We are performing a national service and duty. We are assisting the reform of our national finances by organizing the first national reserve association under a yet unborn law, but which I believe is speedily to have life and vigor. We can make a valuable contribution to our country's financial well being by what we do here to-day. This is not exaggeration or the fanciful dreams of an orator, but a sober statement of an important fact, the value and volume of which we do not ourselves completely understand.

"I have faith that this clearing house will be true to its history and its great career. This house has been the scene of wise, helpful, unselfish acts when petty considerations and picayune suggestions were disregarded, and with a noble indifference to small and selfish doubts we have acted broadly, boldly and successfully.

"In the nature of things my connection with this clearing house cannot last much longer. I have been here man and boy for fifty-six years, one year less than the life of this body. I have seen great things done here by great men. Last week I sat alone on what was once called the ministerial benches —all my old companions dead and gone —TAPPEN and PERKINS and WILLIAMS and WOODWARD and SIMMONS, upon whom we so much relied and who deserved that confidence—all gone.

"There is something in their lives and works that presses upon me to urge that we do a great act to-day by harmonizing and consolidating the banking interests of New York, and by giving to the country and—as Mr. HEPBURN said the other night—to the world the spectacle of a great clearing house rising to an occasion and seizing a great opportunity."

If the banks and trust companies had been in a position to act unitedly in the autumn of 1907, the panic of that year could have been checked much earlier and might have been prevented altogether. While there are some minor differences that have tended to keep the trust companies out of the Clearing-House Association, it is to be hoped that these will be satisfactorily adjusted, for when the banks and trust companies all get together they will, no doubt, act in a manner which will not only conserve local financial interests but will also enable the banks of the city to discharge the wider responsibilities they bear to the banking and commercial interests of the whole country.

BAN ON BANK PROMOTERS

ACCORDING to newspaper reports, the Comptroller of the Currency has decided that he will not charter any more national banks where it appears that they have been organized by or with the help of promoters.

Not having seen the official text of this decision, we must infer that the statements made of it in the newspapers are somewhat too sweeping. What the Comptroller no doubt intends is to put a stop to the formation of banks by professional promoters. There ought, of course, to be some more substantial reason for the organization of a bank than to make a sale of office fixtures and furniture or to secure official

positions for those who are interested in the organization. In a certain sense, however, it will be found that the organization of all banks is carried on through the help of promoters, and this is no less true if those interested in the organization of the bank are engaged in business in the particular locality where the institution is to operate.

The efforts of the Comptroller to restrict the organization of national banks to the legitimate demands of the country are highly commendable. Great care will have to be exercised, however, lest these efforts tend to circumscribe the freedom of banking, which has been a peculiar characteristic of the American system for many years. No doubt the Comptroller of the Currency may be safely trusted to exercise his power in this respect without infringing on this freedom, while restricting bank organization to legitimate business needs.

RAILWAY RATE REGULATION

BY its refusal to permit the advance in rates requested by the railroads, the Interstate Commerce Commission has virtually taken into its hands the control of the railroads in the country. Although the decision of the Commission may have been entirely just, and the proposed advance in rates unwarranted, the importance of the present governmental policy towards the railways is not lessened. On one side are the labor unions, forcing up railway expenditures for wages and supplies, and on the other the Interstate Commerce Commission holding down rates for the transportation of freight and passengers. Of course, the railways can fight the labor unions, and can have the decisions of the Commerce Commission judicially reviewed. But a warfare with labor is a costly proceeding, and unpopular. An appeal from the ruling of the Interstate Commerce Commission means further delay and uncertainty of obtaining relief.

The point can no longer be ignored, that the railroads are not free to advance rates, and practically they experience great difficulty in reducing expenses. For the judgment of their officials as to the necessity of advancing rates they are now compelled to accept the rulings of the Interstate Commerce Commission.

The rulings of the Commission may be just, and the present governmental policy of regulating railway rates may be necessary, nevertheless the substitution of public for private control of railways marks an important step in the economic history of the country.

Whatever other effects this policy must have, it places the railroads in a state of more or less uncertainty. With their freedom untrammeled, they could be sure of raising rates to meet increased cost of labor and materials. Now, they must depend upon the will of the Interstate Commerce Commission. Perhaps, in the face of such uncertainty, the railroads may prefer a policy of curtailment, even with an increase of traffic in prospect.

So long as the Interstate Commerce Commission exercises its powers wisely, the interests of the railroads will probably not suffer much, but on the other hand the public will be protected from excessive rates. The danger of possessing great power, however, consists in the abuse of it. But even this contingency is guarded against by a specially-constituted court which may review the findings of the Commission.

Whether the present policy of regulating railway rates foreshadows Government ownership of the transportation lines, or whether a judicious control of rates will relieve the friction between the public and the railways, remains to be seen.

"THEM POSTAL SAVINGS BANKS"

A MONOLOGUE

By Pliny R. Wood

"EVENIN', Postmaster! How you feelin'? Ain't them Postal Savin's Banks wonderful things? Long afore election we heerd nothin' but haouw Taft was goin' to provide somethin' the long sufferin' residents of rooral deestricks needed, likewise the poor furriner who comes from countries where the only safe place to keep money is with the governm'nt, an' I callate that ain't none too safe.

"Ye see these ere furriners 'stid of puttin' their money in savin's banks, same's me'n you do when we have any ready money, which ain't none too often, they go to the post-office an' git a money order an' send't home to the old country. Course they hev ter pay for these ere money orders, an' the governm'nt gits a good thing out of it. Taft he says when we git Postal Savin's Banks, these fellers will put all their money with the postmaster, and not send't home, but I reckon he is off his bearings a bit. Most on 'em got families in the old country to support, an' I reckon they won't agree to starvin' 'em. I got a cousin that works in the post-office down at Ansonia, an' he says this ere Postal Savin's Bank is a frost. Now I callate what he means is that there ain't bizness enuf to keep it warm. He says they don't do enuf bizness to pay fur the paper they use in fillin' out blanks and things. He says so fur as he can see most of the people that puts money

"THIS GOVERNM'NT OUGHTER HAVE SOMETHIN' TO DO 'SIDE FROM SPENDIN' HUNDREDS OF THOUSANDS OF DOLLARS FOR THE FUN OF GIVIN' THEM FURRINERS A PLACE TO PUT THEIR MONEY 'TIL THE'RE READY TO GO BACK HOME."

in the Postal Savin's Bank is them what do it fur the fun on't, an' some other folks who make a bizness of collectin' postage stamps of furrin countries and such like, an' they want to git one of these ere savin's stamps afore the govern'nt gives up the bizness. As fur the furriner, he goes right on keepin' his savin's in the savin's banks, or if that ain't good enuf, in an old sock or somethin'. Them furriners what won't trust the savin's banks won't trust nobody, an' the only place them fellers keep their money is next to their hides, an' my cousin says if you don't believe they keep it next to their hides, you oughter git a whiff of it sometimes. I reckon Taft means all right, but this country ain't England or Austry or Italy, or any of the rest on 'em. May be we have got furriners here, an' may be they do send their savin's to the old country, but what of it? Ain't they got a right to? This governm'nt oughter have somethin' to do 'side from spendin' hundreds of thousands of dollars for the fun of givin' them furriners a place to put their money 'til the're ready to go back home. Then, too, them fellers what knows enuf to save much money ain't goin' to take no two percent. Lord, they expect nothin' less'n a hundred percent. after what they've been told 'bout this country, an' the four percent. that they git from the savin's banks don't look none too big to 'em. Course it makes fat jobs fur some of these policital fellers, but that don't help me nor you none. These ere Postal Savin's Banks a pretty expensive bizness if they ever git goin' full tilt. Expenses go on even if the money don't come in.

"They tell me that when you deposit money in the post-office it takes about six months to git it out agin, an' if you expect to draw it inside that time you'd better file a notice when you deposit it. I reckon that Taft an' that Postmaster-Gineral (I think his name is Hitch somethin' an' by gosh, he's hitched up wrong sure this time) has got considerable to larn about this ere bankin' bizness afore they git through. Haw!! Haw!! seems to me I heerd that they expect to git money enuf out of these furriners' old socks to build the Panamaw Canal, leastways they expect the Postal Savin's Banks to git deposits enuf to dig that hole in the ground. Looks like they won't dig fur on Postal Savin's money. What we folks want in this country, and Taft oughter know it too, ain't Postal Savin's Banks 'tall but it's somethin' else in the same department. What we want is Parcels Post, so's a man kin send a package without payin' the express companies more'n the stuff is worth to carry it. Wonder if the reason Taft hollered so loud about Postal Savin's Banks was to kinder attract attention away from Parcels Post. Them express companies is mighty powerful in politics. You see they kin afford to be.

"Makes me kinder tired the way these city pollyticians bait us country folks anyway. They think they do a lot fur us when they send us a bunch of wuthless seeds in the Spring. Then they holler like blazes coz we an' them tarnal furriners need Postal Savin's Banks to put our money in; 'sif we didn't know enny more'n the furriner. Gosh Almighty, I tell ye if the country folks didn't have the savin' habit, I don't know how these city folks 'd git along. The governm'nt's willin' to let them furriners kill 'emselves in these ere sweat shops, I've read about, and willin' enuf to let these ere stock market speculators knock the stuffin' out of prices for wheat, corn, beef, an' such like, an' let us farmers take the blame for the high cost of livin' as they call it; but they're so tarnal keerful of our money that we work fur that they want to git the use of it fur two percent. Gosh Almighty, why can't this rich governm'nt afford to pay four percent., sames the savin's bank I keep my money in, an' where I callate to keep on keepin' it too. Next thing you know the governm'nt will be runnin' peanut stands for the poor farmer that goes to the circus, and the poor little furrin monkeys what can't git enuf peanuts outen the hand organ bizness. Haw!! Haw!!

"Ketch me lettin' on to you, Si Perkins, even if you be postmaster, how much money I'm savin'; you git enuf

knowledge of my affairs from readin' all my postal cards from the boys. Don't git riled, Si, you ain't ter blame fur this ere governm'nt's darn foolishness.

"Anybody'd think he was losing somethin' great when them poor furriners sends that money what they've sweat fur home to the old country. Land sakes, don't Taft ever stop to think of what them fellers has perduced in the way of crops and clothes and railroads and sech? Why, I reckon fur every dollar they git in wages they perduces indireckly ten or twenty dollars, an' 'sides they spend some of their 'arnings for livin' expenses. Guess we can afford to let a little of what they perduce go where they want to put it. If we can't, why can't Taft find some way to keep our folks frum spendin' millions every year traipsin all over Europe? Gosh, I'll bet more money's sneaked outen the country that way than by them poor furriners. Seems to me considerable money is pulled out of us by these ere rich men's darters gettin' the nobility bug. Gee, it's worse'n the hook-worm when them furriners git their hooks inter the rich men's dough. They tell me that millions of dollars goes that way. Why can't the govern-m'nt pass a law prohibiting such doin's? That is if they're so darned worried about the money goin' away from us. Jest like them slick pollyticians, terrible keerful in small things but awful keerless and forgetful of the big ones."

SAVINGS BANKS

Conducted by W. H. Kniffin, Jr.

FIGURING INTEREST IN THE SAVINGS BANK

By W. H. Kniffin, Jr.

HAVING taken a vote upon the question of dividend and decided that the bank will pay a stipulated rate of interest "upon all sums entitled thereto according to the rules and regulations of the bank," the board of trustees hands over to the accounting force the problem of determining how much of the dividend each depositor is entitled to according to this mandate. In a brief period, not usually exceeding three weeks, each account must be analyzed and separated into its component parts; the interest computed upon each part; the separate items aggregated, proven, posted, entered upon depositors' books as presented (usually after a stated time subsequent to the closing of the period, as, for instance, the third Monday in January and July), and the balances extended.

In many if not most of the banks, the exact amount of the dividend is known on the last day of the semi-annual period, when the books are closed. The postings may be made later, but it is quite necessary that the amount be known in order to make the proper reports and keep the controlling accounts in perfect balance. It is plainly to be seen that if this work is done by the regular force, it means considerable work overtime, and some banks employ extra men for a few weeks during this process.

Any good bookkeeper can figure interest, especially at four per cent., and it does not require expert help; but the distribution is more complicated and requires experience, both with the theory and with the books themselves. Where extra help is employed, the distributing is generally done by the bookkeepers, leaving it to the extra men to make computations and help in posting. In fact, some banks have sort of an auxiliary force upon which they depend, these men dropping whatever positions

they may have at the time and taking the savings bank work, on account of the good pay that attenas the interest work, usually about five dollars per day of eight hours. One bank in New York will not allow night work, and arranges accordingly in the employment of extra clerks at interest time. On the other hand, the writer knows of a young man in a savings bank who is able to "distribute" five thousand accounts, compute the interest at three and one-half per cent., post, and prove the postings, without help of any kind in a period of three weeks, and not work later than five o'clock, and still keep up with his routine work.

Knowing the rate, we proceed to distribute the dividend to depositors according as they have become entitled to it; not a difficult, but a lengthy process. (The distribution of items as to *time* may be done in advance of the work of computation, changes being made as withdrawals are made.)

Interest Rules.

There are two general rules in force as to interest periods: First, the quarterly method, by which deposits begin to draw interest from the first of each quarter, after allowing the days of grace. Thus deposits made between

TRIAL BALANCE AND INTEREST ABSTRACT

3½ per cent   Interest from the first of each month

NO.	TRIAL BALANCE		INT. BALANCE		6/4	5/4	4/4	3/4	2/4	1/4	INTEREST	
8027			15	00	1000	100	100	100	100	100	21	87

FORM 1. SHORT METHOD OF COMPUTING SAVINGS BANK INTEREST

First Method—Common denominator method

Interest at 3 per cent. a year is equal to ¼ of one per cent. a month. Having the amount of interest at 3 per cent., at 3½ per cent. it will be 1-6 more.

Rule: Point off two places; multiply each amount by the numerator as indicated by the number of months for which the amount draws interest; add these amounts and divide by the denominator, and the result will be the interest at 3 per cent. Add 1-6 and the result is the interest at 3½ per cent.

Applying the above rule in the example above, we get:

6 x 10.00................60.00
5 x 1.00................ 5.00
4 x 1.00................ 4.00
3 x 1.00................ 3.00
2 x 1.00................ 2.00
1 x 1.00................ 1.00

4|75.00|18.75
add 1-6, 3.12
———$21.87 Interest

Second Method—Each month figured separately

Rule: Point off two places; multiply the amount by the fraction at the top of column, which gives the interest at 3 per cent.; add 1-6, and the result is the interest for the given time on that amount. Assemble the various months and carry to the interest column.

Applying the above rule in the example given, we get:

6-4 x 10.00........15.00
Add 1-6 .... 2.50......$17.50

5-4 x 1.00........ 1.25
Add 1-6 .... .21...... 1.46

4-4 x 1.00........ 1.00
Add 1-6 .... .16...... 1.16

3-4 x 1.00........ .75
Add 1-6 .... .13...... .88

2-4 x 1.00........ .50
Add 1-6 .... .08...... .58

1-4 x 1.00........ .25
Add 1-6 .... .04...... .29

———$21.87 Interest

July 11 and October 3 will draw from October 1; those made between October 3 and January 10, from January 1. (In New York the law allows the first ten and the first three business days, thereby extending the time three days in July and January and frequently one day in other months. In the monthly process, deposits made between July 11 and August 3, draw from August 1.)

In a report of the Committee on Auditing of the Savings Bank Section, American Bankers' Association, for 1908 (proceedings, p. 24) the committee says: "The practice of allowing interest semi-annually is followed by more than eighty per cent. of the banks; a small number pay interest quarterly; while a few of the larger banks still adhere to the annual period. Over half the banks pay interest upon monthly balances, but most of the large Eastern banks pay upon a quarterly basis—in some the semi-annual balance is used as the basis of reckoning. Nearly three-fourths of all the banks allow interest from the first of each month upon deposits made during the first few days of the month; a few still adhere rigidly to the old rule that interest commences on the first of the month following the deposit."

Monthly vs. Quarterly.

The advantages of paying interest from the first of each month are very well expressed in the following, taken from the experiences of banks making this a practice: Inasmuch as money begins to draw interest shortly after its deposit, it encourages frequent, regular deposits. A $5,000,000 bank states that "if we were to abandon the monthly method, we would notice a marked falling off in deposits." Another bank of the same size reports that it is "an important factor in keeping up deposits during the time between 'quarter days'."

Under the quarterly rule, deposits are held back, and other opportunities being afforded to spend or invest the funds, the chances are against the savings bank getting the money. It is not only good business to offer this as an inducement to save, but it is equitable to the depositor to give him the benefit of an early investment, and a delay of from one to ten weeks before money goes on interest is all on the side of the bank. It tends to make the business uniformly active rather than crowd it into brief quarterly periods. The average savings bank depositor is looking for interest, and the bank that offers liberal yet safe interest inducements will find in it a strong advertising medium. A three and one-half per cent. rate from monthly periods is a stronger inducement to save than four per cent. quarterly—its appeal is to the regular, systematic saver.

The disadvantages of the monthly plan are, first, the cost. It is readily to be seen that the less time money is idle the greater the cost to the bank; and it is obvious that with the maximum time of idleness but twenty-seven days in the monthly, as against two months and twenty days in the quarterly, the odds are clearly on the side of the quarterly method, as viewed from inside the counter, and clearly against the depositor, when viewed from the outside. A bank with over a million on deposit reports that in changing from the quarterly to the monthly plan they found the cost to increase from 3.35 to 3.36, on a three and one-half per cent. basis, while in another it increased from .0333 to .0339.

Another states that it has tried both ways and reports the cost about one-half of one per cent. more. Some banks hold that the increased labor of bookkeeping is not offset by the gain in deposits, considering the extra cost of the money as well. Another that it emanates from a spirit of competition, and the bank needs all the surplus the small margin of profit *any* method affords. And again: A depositor will hesitate to draw his money if he knows he will lose three months' interest, no matter how he may scheme to avoid the loss.

The monthly plan attracts large sums of temporary deposits that come in for a few months and are withdrawn as soon as the period closes. Such deposits are usually unprofitable—it is the lapse of interest that makes for gain to the bank. A large bank that oper-

ated the monthly method for many years and then abandoned it, found that it not only increased the dividend, but required an extra man four and one-half days of eight hours to compute the interest on a monthly basis as against a quarterly, for each million of deposits.

A large savings bank in New York says: "We follow the quarterly method because we started that way. It would cost about one and one-tenth more to pay from monthly periods. I note that the old depositors, who are really the best friends of the bank, are not the ones to suffer by the quarterly computation, and only the "small fry" would benefit, and these cost more than they are worth as they are. It astonished us to discover that each transaction over the counter cost the bank three cents in stationery and time on all accounts of less than fifty dollars and are a dead loss to the bank. The cost need not be reckoned, but the extra labor takes about four times as long."

Another: "We do not think it advisible for savings banks to be so anxious to obtain business as to give the depositors all the profits there is in taking care of their money. We think it quite liberal to make interest payable quarterly and give twenty days' grace. We canot see anything to be gained through the monthly idea and think it unwise."

A bank in Albany, N. Y., says: "The custom of allowing interest from monthly periods arose in this city from a spirit of competition."

INTEREST.

No.	Balance	Amount 6 Mos.	Amount 3 Mos.	Amount To Spare	Interest 6 Mos.	Interest 3 Mos.	Total Int.	Total
150000	1052 50	1052			21 04		21 04	1073 54
1	810	600	200	10	12	2	14	824
2	10 19	5	5		10	05	15	10 34
4	75	75			1 50		1 50	76 50
5	513 76	513			10 26		10 26	524 01
7	90 10	50	30	10	1	30	1 30	91 40
9	20	10		10	20		20	20 20
10	150 62	100	25	25	2	25	2 25	152 87
	2722 16	2405	260	55	48 10	2 60	50 70	2772 86

FORM 2. INTEREST SHEET SELF-PROVING

The above form is as complete as an interest sheet can well be. It proves everything including the distribution for interest (but not necessarily however that an item shall be listed at "3 mos." when it should be "to spare.") As will be seen the total of the "6 mos." and "3 mos." columns equal "total interest," and the "balance" plus "total interest" must equal the "Total," thus proving the extensions. The sheet contains seventy-eight lines, and the bank which uses this form calls in extra help during interest time. The amounts are distributed by the bookkeepers, and the extra men are required to figure and prove the interest and extensions. Four sheets an hour is expected of each man, not a difficult task when the work becomes familiar. ((Excelsior Savings Bank, New York.)

Days of Grace.

Savings banks quite generally allow days of grace at the beginning of the interest periods. These must be carefully kept in mind in making calculations, whatever the method used. In order to guard against errors in dates, and to make the distribution easier, one large bank changes the *color* of the ink on its ledger cards every three months; thus all entries between July 11 and October 3 will be in purple; October 3 to January 11, green, so that ***a purple entry means three months' interest.*** There are two good reasons for this leniency; first, to allow depositors time to arrange their affairs and take advantage of the beginning of a period;

and, second, to avoid the crowds that would be impossible to handle if the work was crowded into one or two days.

In New York, where ten days (legally the first ten *business* days beginning a semi-annual period, and three *business* days beginning any other month) are allowed, the crowds on the last days often look and act like a real bank run. In one instance last January the line was over two blocks long when the doors were closed at three o'clock.

The provision for days of grace is not found in all the State laws, but is quite common, nevertheless. The New York law not only allows days of grace at the *beginning* of a period, but also at the *end* of a quarterly or semi-annual period, the banks being permitted to pay interest for the full time if the deposit remains up to within three days of the closing of the period. Minnesota allows the same, except the time is extended to five days at the beginning of any month. Vermont allows ten days at semi-annual periods and five days in other months, but says nothing about days of grace at the end of a period. New Jersey allows three days at the beginning of every month and ten days semi-annually. Indiana ten days, January, April, July and October. Massachusetts, but three days quarterly or semi-annually.

In distributing for interest, care must, of course, be taken to allow these days of grace, and where interest is paid from the first of each month, the deposit dates must be carefully watched. Likewise if computations are made direct from the cards or ledger accounts. It is obvious that to figure correctly either way, the distribution must be made, the difference being largely in the fact that in one case it is set down as a permanent record, while in the other it is not. Where the items are set down on sheets, the trial balance quite generally forms the basis for this work, and is taken on the same sheet.

But before discussing the technical side of interest calculations, let us go over the groundwork that precedes the actual computation of interest, *i. e.*, the distribution of the deposit balances for the time which they draw interest. As a general statement, there are two ways in which the interest is computed in savings banks; first, directly from the ledgers or cards, being posted at the time, generally in pencil, somewhere on the account, but not necessarily in its permanent place. After the work has been checked by another clerk, it is posted in ink, quite universally red. After the work is all computed, it is listed on the adding machine and again checked back. The second method is to "distribute" the account in another book, forms of which are herewith given, and the interest is figured on these distribution sheets, and *proven to be correct,* so that going over the second time is unnecessary. The only work that needs verification is the distribution, to see that an item is properly listed for the time which, according to the rules, it draws interest. Where interest is paid from the first of each month, as elsewhere noted, it is a more complicated process, and to properly distribute the work requires more time and labor than to figure it.

Rules for Distributing Interest.

The savings bank employee who would become proficient in figuring interest must first learn to distribute the items rapidly and correctly. This is a matter of practice, and once the "trick" is acquired it becomes almost a matter of intuition. A few suggestions will, however, be timely. In the first place the balance ledger fulfills its mission most admirably in connection with this work. As desirable as it is to have the balance always extended for the sake of comparison and in taking trial balances, its value in distribution for interest calculations would make it worthy of a place in every bank. In fact, after having used the old style ledger with debit and credit sides and balances jotted down somewhere in pencil, and then adopting the balance ledger, one wonders how he ever managed to get along without this most efficient system.

The usual rule and equitable is that the last draft shall come out of the last deposit. In Massachusetts this is compulsory. (Sec. 64.) To take the last draft out of the first deposit, or the

Date		Deposits	Drafts	Balance
1911				
Jan.	1	100	...	...
Jan.	6	10	...	110
Jan.	9	20	...	130
Jan.	25	10	...	140
Feb.	3	...	15	125
Feb.	15	25	...	150
Feb.	26	15	...	165
Mch.	3	20	...	185
Mch.	15	...	25	160
Mch.	18	10	...	170
Apr.	3	25	...	195
Apr.	15	10	...	205
Apr.	29	20	...	225
May	1	15	...	240
May	18	...	10	230
May	29	20	...	250
June	10	25	...	275
June	18	...	45	230

FORM X

first for the period, as a few banks do, is hardly just to the depositor and entails a vast amount of extra work in distributing. A general rule, applicable whether the bank pays interest from the first of each month or from the first of each quarter is as follows:

> Find the lowest balance. If it is less than the balance at the beginning ofthe period, it draws for six months. From this point work up to the close of the period (last day for which interest is paid).

It is obvious that if a depositor has less in the bank to-day than he had six months ago, he must have withdrawn all the deposits made in the interim, and part of the balance at the beginning of the period, and such amount remained undisturbed for the full time.

On an active account that draws from the first of each month, the distribution takes a little longer; for having found the balance that remained undisturbed for the full time, the net amount that is entitled to five, four, three, two, and one months, respectively, must also be found.

Referring to Form X, which is reproduced in type for the sake of ready reference in this connection, it will be found that by running over the balances no amount less than $100 is found, indicating that the first $100 remained undisturbed for the full time. To distribute this for monthly periods, allowing up to the *third of each month,* we have the following figures: January deposits, $40 less $15—$25 for five months; February deposits (including March 3), $60, less March 15 draft, $25—$35 for four months; March 18, $10, and April 3, $25, draw for three months—$35; May 18 draft of $10 comes out of April 15, April 29, May 1 deposits—$45 less $10, making $35 for two months. The $45 draft on June 18 takes the $20 of May 29 and $25 of June 10, therefore nothing for one month. We have therefore the following distribution for this account:

Int. Balance	6	5	4	3	2	1	Interest
230	100	25	35	35	35	...	3.45

DATE		DEPOSITS	DRAFTS	BALANCE
1910 July	1	270 75		270 75
	7		15	255 75
	13		15	240 75
	18	15		255 75
	23	10 25		266
	25	16		282
	30		10	
	30		10	262
Aug	1		10	252
	3		10	242
	6		10	232
	8		10	222
	29	16 95		238 95
Sept	3	11 20		250 15
	9		15	235 15
	12		10	225 15
	15		5	220 15
	17		5	215 15
	19		5	210 15
	26	6		216 15
	27	10		226 15
Oct	8	20		246 15
	17	5		251 15
	24	12 35		263 50
Nov	3	10		273 50
	5	12 75		286 25
	7	20 75		307
	14		15	292 -
	17		6	286
		Forward	286	

DATE		DEPOSITS	DRAFTS	BALANCE
1910 Nov	17			286 -
"	17		6	280
	21		20	260
	28	10		270
Dec	5	10 50		280 50
	12	14 50		295
	19	10		305
Jan	1	4 30		

Four per cent. interest from quarterly periods, January, April, July, October.

Abstract from an active savings bank account for six months, showing the application of the following rule in the distribution for interest:

"Find the lowest balance. If it is less than the balance at the beginning of the period, that is the amount for six months . From this work up to the last day for interest, which amount draws for three months"

The balance on this account July 1st was $270.75. Lowest balance September 19th -$210.15, which amount draws for six months. October 3rd last day for interest, therefore deposits of $6 and $10 September 26 and 27, draw for three months. Multiply the first amount by 2 and the second by 1 and the result is the correct interest --$4.30

FORM 3. LEDGER ACCOUNT, SHOWING THE EASE WITH WHICH AN APPARENTLY COMPLICATED ACCOUNT MAY BE DISTRIBUTED AND THE INTEREST COMPUTED AS OF JANUARY 1, 1911

The sum of the several amounts equals $230, the interest balance, proving that we have accounted for all the money in the account.

Rules for Distributing Accounts.

Rule 1. If no transactions have been made on the account, the whole amount draws interest for six months.

Rule 2. If the present balance is smaller than the balance at the beginning of the interest period (July 10 and January 10, where ten days' grace is allowed) the lesser balance draws interest for six months.

Rule 3. (Quarterly rule.) From the balance at the close of the interest period (October 3) take the balance as of July 10, and the difference is the amount for three months. The deposits after October 3 do not draw any interest and may be listed as "no interest."

For *monthly* interest apply the same rule, as of August 3 and July 10. Thus, if the balance on August 3 is $510, and the July 10 balance is $475, it indicates that thirty-five dollars has been the net deposit during July, *subject, however,* to subsequent withdrawals that might eliminate it.

Figuring the Interest.

To become adept at figuring savings bank interest merely requires an alert mind, concentration and practice. In fact, it becomes possible by choosing a method that will work to that end (as, for instance, Method No. 2 in the illustration in Form 1) to become so familiar with the greater part of the amounts that draw interest that it becomes merely a matter of memory. Even with an odd rate such as three and one-half per cent. on deposits drawing interest from the first of the month following the deposit, it is possible after years of training to set down instantly the interest on any amount from one dollar to three thousand, either for six months or three months, and also to know from memory a large number of interest amounts for the odd months, five, four, two and one.

By making combinations, it is possible to figure the interest on such an amount as $787 for six months by two

mental calculations, thus: Interest on $800 for six months at three and one-half per cent. (from memory) is fourteen dollars; interest on thirteen dollars for the same time is (also from memory) twenty-two cents. The result is therefore $13.78, within a half cent. And so all sorts of combinations will readily suggest themselves, after doing this work long enough to become somewhat of an expert. We might take an odd amount, like $1,761, which does not readily divide itself into two known quantities, and make three calculations, thus:

$1,600 (which we know)	$28.00
160 (likewise known)	2.80
1	.02
Result	$30.82

By such processes it becomes possible to figure the interest as distributed in Forms 1 and 2 as fast as one can write the amounts down; the work in

Semi-Annual Balances and Dividends, January 1911 — 150

Deposits, July 11 to Jan. 10. 6	3	0	Interest	Number	Drafts, July 11 to Jan. 10. 6	3	0	Balances Jan. 11. 6	0
			23 52	394540	180		165	1,203	7
			10	394544				6	58
			—	394546					295
			16	550				40	4
			22	555				45	38
			37	562				21	76
			21 66	584				1,260	54
			35 12	596				2,042	43
			40	599				24	25
			2 76	604	160		78	161	2
			16 99	622				988	89
			12	625				7	82.
			2 33	627				136	17
			—	639					100
			52 50	647				3000	11250
			35	651				20	86
			44	661				35	50
			—	680					478
			—	698					103
			10 06	702				585	20
	90	70	7 52	703	10	90	70	438	26
			—	705					174
			39 22	713				2,280	37
			16 96	720				985	96
	230	850	2 50	733				1,110	89
			2 85	734				166	45
			51	738				30	9
	614		12 48	748	1186	200	250 24	682	53
		100	2 31	755				235	9
			—	766					100
			17	773				10	42
			1 89	774	84			110	12
			2 29	791				133	45
			2 57	394797				150	11
			—	394799					313

	934	1020	258 92	Interest			
16095		89 48		Old Balances as First Deposits			
		110 48			1620	290	486 02
		486 02			15,862	139380	15862
1620	290	623 46					
	644	644	563 41				
14475		14475	253 31				
			258 94				
6	3				6	3	0
		258 92	258 92	Interest			
		16001 38		Final Balances			16001 38

FORM 4. DIVIDEND SHEET OF THE UNION DIME SAVINGS BANK, NEW YORK, WHICH PROVES THE WORK OF INTEREST CALCULATION TO AN EIGHTH OF A CENT.

The trial balance sheet on the opposite page is a summary in horizontal form of all the transactions for the half year on about 5o accounts bringing out the balances on the next day following the last day of grace. It proves line by line, taking into account the balance of each account six months earlier, in the previous book.

For example account No. 394,703 :

Balance July 1, 1910, (previous book)	440.74
Deposits for six months (90 + 70)	160.00
Interest	7.52
	608.26
Minus drafts (10 + 90 + 70)	170.00
Final balance (438 + 26)	438.26

The deposit and draft tickets which are filed numerically are condenst into single sums on the trial balance.

The aggregate proof at the foot on the left hand side proceeds on the same principle after adjusting the fractions of interest. The rate was 3 1/2% and this results in fractions, which are exprest in eighths, either plus or minus, the latter being encircled. The interest on the first balance ($6) is 10 1/2 or 10 4/8 cents. The actual credit is 10 cents, the 4/8 is placed in the margin as gain to the bank. In the next open account, 394,550, the true interest is 15 6/8 cents, or rather 16 cents minus 2/8, since the nearest cent is 16. It is written 16 minus 2/8. At the bottom of the column we have:

Total plus items	38
" minus "	16
Difference	22 or 2 cents 6/8, gain

The aggregate interest is

$ 644 at 7/8%	5.63 4/8
14475 " 1 3/4%	253.31 2/8
	258.94 6/8
less above gain	2 6/8
Actual credit	258.92

which agrees with the sum of the column.

We then have the following proof:

Old balances (16,095 + 89.48)	16,184.48
+ deposits (934 + 1020)	1,954.00
	18,138.48
- drafts (1620 + 290 + 486.02)	2,396.02
Principal, excl. dividend (623.46 + 644 + 14475)	15,742.46
Plus Interest - dividend	258.92
Total which should appear	16,001.38
Sum of actual balances	16,001.38

The columns for deposits and drafts are subdivided into three, according to the effect upon the next dividend of interest, 6 months, three months and "no interest", the same subdivisions being observed in the daily work. On January 11th, there is no three months money, and the subdivisions are 6,0. The "0" amounts are: 1st, all cents; 2nd, amounts less than $5. ; 3d, excesses over $3,000, the legal maximum.

Form 1 taking a longer time on account of the odd months.

Undoubtedly the best quick method ever devised of computing interest at three and one-half per cent. for three and six months is the following: Interest at three and one-half per cent. a year is equal to one and three-quarter per cent. for six months; or one, plus one-half, plus one-half of a half. For three months, either take the amount and figure for six months and divide by two, or divide by two and figure for six months. To illustrate both processes:

Required: Interest on $546 for six months at three and one-half per cent.

Interest on $546 at 1 per cent. is	$5.46	(1%)
One-half the above will be one-half per cent.	2.73	(½%)
One-half of one-half, or one-quarter per cent. is	1.365	(¼%)
Correct interest	$9.555	(1¾%)

Required: Interest on $546 for three months at three and one-half per cent.

Either take one-half the above amount; or divide 546 by two thus obtaining $273, and proceed as—

For six months	$2.73
	1.365
	.683
	$4.778

Use of the above rule will quickly train a man to make most of the calculations mentally: Thus, interest on $40 is merely 40+20+10=.70.

Interest Methods in Use.

In the Hudson City Savings Bank of Hudson, N. Y., the interest is figured on the "interest book" which has the amounts distributed for the several months (this bank pays from the first of each month) and is not posted to the ledgers until *after* the first days of January and July, reference being had to the interest book in entering the interest on pass books.

Interest is posted direct from this book to the ledgers as soon after the first of January and July as possible, after which extensions are made in the proper column of the total of principal and interest, each page of which is proved by comparing the footing with the sum of the principal column and interest column.

During the current six months entries are made in the next two columns of the transactions on each of these accounts, and at the end of the six months' period the last column "Balance of Account" will be the amount of the first column in the new interest book. The first column is copied from the last column of the previous book, and is then compared with the ledgers by calling back, so that if there should be a wrong amount entered in the first column a double error would have to be made not to find it. Each ledger is balanced separately. (Cards are now used in the same manner.)

The Utica (N. Y.) Savings Bank figures its interest upon the ledgers and enters the amount in lead pencil, after which it is drawn off and totaled and proven, after which it is entered in ink. Likewise in the Holyoke Savings Bank, Massachusetts; Mariners Savings Bank of New London, Conn.; Saugerties Savings Bank, New York, and many others.

The use of the interest book in a form similar to that of the Hudson City Savings Institution is practiced everywhere, and in some of the largest banks. As between the two systems, figuring direct on the ledgers or cards and checking by another clerk, or distributing on ruled sheets and posting to ledger and checking back, is a matter of choice. There is doubtless merit in both systems. The adding machine comes into play admirably in the former, while in the latter, to list by machine simply for the sake of saving the brainwork of footing the columns is a waste of time, since it can be footed quicker without the machine, for this requires listing as well. And yet some men, to avoid the mental strain of adding, would waste their time running the items off on the machine, more's the pity.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

RECENT DECISIONS OF INTEREST TO BANKERS

CONVEYANCE TO NATIONAL BANK

CONVEYANCE AS TRUSTEE—ONLY UNITED STATES CAN OBJECT.

Supreme Court of The United States Nov. 7, 1910.

ROBERT EARL KERFOOT VS. FARMERS AND MERCHANTS BANK, FIRST NATIONAL BANK OF TRENTON, MO., ET AL.

While a national bank has no power to receive a conveyance of real estate in trust, the deed is not a nullity, and only the United States can object.

In error to the Supreme Court of Missouri.

THIS action was brought to set aside a deed of real property made by James H. Kerfoot, to the First National Bank of Trenton, Missouri, and also a deed by which that bank purported to convey the same property to the defendants Hervey Kerfoot, Alwilda Kerfoot, and Lester R. Kerfoot, and for the recovery of possession. The plaintiffs in the action, which was brought shortly after the death of James H. Kerfoot, were Homer Hall, administrator of his estate, and Robert Earl Kerfoot, his infant grandson, who claimed to be his only heir at law, and sued by Homer Hall his next friend. The petition contained two counts, one in equity, the other in ejectment. Upon the trial, the circuit court found the issues for defendants, and the judgment in their favor was affirmed by the supreme court of Missouri. (145 Mo. 418.) On his coming of age, Robert Earl Kerfoot sued out this writ of error.

Holmes, *J.* (omitting part of the opinion): The plaintiff in error challenges the conveyance made by James H. Kerfoot to the bank, upon the ground that under § 5137 of the Revised Statutes of the United States (U. S. Comp. Stat. 1901, p. 3460), relating to national banks, the bank was without power to take the property, and hence that no title passed by the deed, but that it remained in the grantor, and descended to the plaintiff in error as his heir at law. It appears that the deed, which was absolute in form, with warranty, and expressing a substantial consideration, was executed in pursuance of an arrangement by which the title to the property was to be held in trust, to be conveyed upon the direction of the grantor; and the supreme court of Missouri decided that a trust was in fact declared by the grantor in favor of Hervey, Alwilda, and Lester R. Kerfoot, to whom ran a quitclaim deed, which he prepared and forwarded to the bank, to be signed and acknowledged by it and then returned to him.

But while the purpose of this transaction was not one of those described in the statute for which a national bank may purchase and hold real estate, it does not follow that the deed was a nullity, and that it failed tc convey title to the property.

In the absence of a clear expression of legislative intention to the contrary, a conveyance of real estate to a corporation for a purpose not authorized by its charter is not void, but voidable, and the sovereign alone can object. Neither the grantor nor his heirs nor third persons can impugn it upon the ground that the grantee has exceeded its powers. Thus, although the statute by clear implication forbids a national bank from making a loan upon real estate, the security is not void, and it cannot be successfully assailed by the debtor or by subsequent mortgagees because the bank was without authority to take it; and the disregard of the provisions of the act of Congress upon that subject only lays the bank open to proceedings by the government for exercising powers not conferred by law.

* * * * *

This rule, while recognizing the authority of the government, to which the corporation is amenable, has a salutary effect of assuring the security of titles and of avoiding the injurious consequences which would otherwise result. In the present case a trust was declared, and this trust should not be permitted to fail and the property to be diverted from those for whom it was intended, by treating the conveyance to the bank as a nullity, in the absence of a clear statement of legislative intent that it should be so regarded.

ACCEPTANCE BY TELEPHONE

WHAT IT WILL AMOUNT TO

Court of Civil Appeals of Texas, Nov. 5, 1910.

HOME NATIONAL BANK VS. FIRST STATE BANK & MORTGAGE CO.

An acceptance of a check, while usually evidenced by the word "accepted" written on the instrument and signed by the drawee, need not be in writing, since any act or word evidencing a promise to pay the check according to its tenor is sufficient to constitute an acceptance.*

But an oral statement by an officer of the bank that the check is good, is not equivalent to a promise to pay it, and therefore not sufficient to constitute an acceptance.

THIS was an action by the Home National Bank of Baird, Tex., against the First State Bank and Trust Company of Abilene upon its alleged acceptance of two checks drawn by one J. T. Barnett. From a judgment in favor of the defendant the plaintiff appealed. The evidence on behalf of the plaintiff standing alone tended to show an acceptance, but the testimony of the vice-president of the defendant was as follows:

"On the morning of February 4 (I was) called up by phone by plaintiff bank in reference to the payment of these checks. It was between 8.30 and 9 a. m. before banking hours, before we had opened up; there being no one at the bank but myself. I did not know the name of the man who called me up. He told me his name, but I had forgotten it by the time I hung up the receiver. Anyhow, it was the Home National Bank. He called me up, and I understood him to say about the check for $974. I understood it was one check for $974 and some cents. He might have said checks. Did not give me the separate amounts. Gave total amount. Did not tell me to whom they were given. Told me checks were signed by J. T. Barnett. Asked me if the checks were all right. I told him to hold the phone, and I went into the vault, got out the ledger, looked at the account, returned to phone, and told him the checks were all right if the signatures were all right. Think that was all I said. He asked me if we would pay the checks. I asked him what he said, and he again asked me if we would pay the checks. I thought I understood him to ask if we would pay the checks, but I did not know for sure and didn't answer that. I hung up the receiver. Did not tell him we would pay the checks. Told him the checks were all right, if the signatures were all right. About 9 o'clock Mr. Davidson, director and attorney of the bank, asked me what amount Barnett had to his credit. He got the amount, went off, and returned in about thirty or forty minutes accompanied by Mr. Wagstaff, who called me to the back office and told me the funds were obtained through fraud, or Barnett had stolen the cattle from which the money came, and, if we paid the money, Mrs. Sears would hold the bank for it."

The court said:

"Upon this testimony we think a jury might fairly have found that the First State Bank & Trust Company did not promise to pay the checks in controversy. It is one thing for a bank to say that a check is good, and quite another in legal effect to promise to pay it. It is this promise that constitutes an acceptance and consequent liability. (Springfield Bank vs. Bank, 30 Mo. App. 271.)"

* This rule does not prevail in any state which has adopted the Negotiable Instruments Law; for that law provides that "The acceptance must be in writing and signed by the drawee." (See 220 N. Y. Act.)

INDORSEMENT WITHOUT RECOURSE

NOT NOTICE OF ANY INFIRMITY IN PAPER.

Supreme Court of Utah, Jan. 14, 1911.

LEAVITT VS. THURSTON.

As the Negotiable Instruments Law expressly provides that an indorsement "without recourse" "does not impair the negotiable character of the instrument," such an indorsement may not be regarded as evidence of any infirmity in the instrument or in the title of the person negotiating the same.

THIS was a suit on a negotiable promissory note alleged to have been executed and delivered by the defendant to the Southern Missouri Jack Company, a corporation, and by it sold and transferred to the plaintiff. It was stipulated and agreed on the trial that the note was obtained by the company from the defendant by fraud and misrepresentations. The issue tried to the jury was as to whether the plaintiff was a holder in due course. A verdict was rendered in favor of the defendant, and the plaintiff appealed.

The note was indorsed "without recourse," and upon the trial the court instructed the jury as follows:

"While the indorsement without recourse is not of itself sufficient to prevent the plaintiff from being a holder in due course, nor to charge him with notice of any defense, and while the fact, if you find it to be a fact, that the plaintiff purchased the note for less than its face value, is not of itself sufficient to charge the plaintiff with notice of any defenses or existing equities against the payee, yet the jury may consider each of such facts, if you find them to be facts, in connection with all of the other evidence in the case, determining whether or not the action of the plaintiff in taking the said note was in good faith or in bad faith."

The supreme court held that this was error, and reversed the judgment. That court said:

"Again referring to the statute, we find it provides (section 1590) that: 'A qualified indorsement constitutes the indorser a mere assignor of the title to the instrument. It may be made by adding to the indorser's signature the words "without recourse" or any words of similar import. Such an indorsement does not impair the negotiable character of the instrument.' * * * The effect of such an indorsement is merely to qualify 'the duties, obligations and responsibilities of the indorser.' We do not see how it can be considered as evidentiary of notice of any infirmity of the instrument. While the court charged the jury that it was not alone sufficient to extablish such notice, the court, nevertheless, charged them that it was a proper fact in circumstance to be considered by them in determining whether the plaintiff took the note in good or bad faith. From such an instruction the jury necessarily must have understood that plaintiff's taking the note with such an indorsement was some evidence properly to be considered by them as bearing on the question of his good faith and notice of the infirmity. We do not think it was. To hold that it was is in effect to hold that the negotiable character of the instrument is to that extent impaired."

SUIT ON CERTIFICATE OF DEPOSIT

STATUTE OF LIMITATIONS — CLAIM AGAINST ESTATE OF DECEASED PARTIES.

Supreme Court of Pennsylvania, May 16, 1910.

IN RE GARDNER'S ESTATE.

The rule as to a certificate of deposit issued by a banking house and payable to the order of the depositor upon the return of the certificate is that it is not due or suable until it has been returned and demand made for payment, from which time the statute of limitations begins to run; and it is no defence against a claim upon such a certificate that demand has not been made within six years from its maturity.

But where such a certificate has been issued by a banking firm, and one of the partners dies, a claim for payment thereof out of his estate must be made within six years from the death of the partner, or it will be barred by analogy to the statute of limitations.

JAMES GARDNER, Anthony S. Morrow, and William Jack were partners, trading and doing business in Hollidaysburg as a private banking house, under the firm name of Gardner, Morrow & Co. On May 14, 1891, Michael Morricy deposited with them $3,050, and they delivered to him a certificate, of which the following is a copy: "No. 7582. Banking House of Gardner, Morrow & Co. Hollidaysburg, Pa., May 14, 1891. Michael Morricy has deposited in this bank three thousand and fifty dollars, payable to his order, on return of this certificate, six months after date, with interest at 4 per cent. per annum. $3050.00. Gardner, Morrow & Co."

On April 5, 1894, James Gardner, then a member of the firm, died, and letters testamentary were issued to executors named in his will. After his death, Morrow and Jack, the surviving members of the firm, continued the banking business under the same firm name until September 18, 1896, when they executed a deed of assignment for the benefit of creditors. The assignee closed up the assigned estate, the creditors receiving a little less than twelve per cent. on their claims.

Morricy failed to present his certificate of deposit for payment either at the banking house of Gardner, Morrow & Co. during the lifetime of James Gardner or while it was conducted by his surviving partners after his death or at the distribution of the assigned estate of the surviving partners or at any of the distributions of the personal estate of James Gardner made on various accountings of the executors. He lived in the mountains some thirty miles from Hollidaysburg, and could neither read nor write. He had no knowledge of the death of James Gardner, of the failure of the banking house, of the distribution of the assigned estate of the surviving partners, or of the previous distributions made on the estate of James Gardner until some time in 1907. On April 28, 1909, he presented his certificate for payment to the auditor making distribution on the sixth account. The auditor held that the claim was barred by the statute of limitations.

On appeal to the supreme court, this ruling was upheld.

NOTICE OF INFIRMITY IN PROMISSORY NOTE

"CONSTRUCTIVE NOTICE."

Supreme Court of North Dakota, Dec. 23, 1910.

AMERICAN NATIONAL BANK VS. LUNDY.

Following First National Bank of St. Thomas vs. Flath, 10 N. D. 281, it is *held* that, in an action by a purchaser, in due course, of a negotiable promissory note, the burden is cast upon the plaintiff to show himself a purchaser in due course, etc., when the defendant pleads and establishes the fact that the note was obtained by the original payee through fraud or was negotiated in breach of faith, but that such burden is sustained by the indorsee plaintiff showing a purchase for value and before maturity; and, further, that good faith does not require the purchaser to make inquiry as to the purpose for which a note was given or as to the existence of possible defences, and that bad faith is only imputed from knowledge or notice of fraud or defenses, and that mere knowledge or notice of suspicious circumstances will not defeat a recovery. *Held,* further, that this rule has not been relaxed by the enactment of the negotiable instruments law.

To defeat recovery on a negotiable promissory note purchased before maturity, where the defence is fraud in the inception of the note or negotiation in breach of faith, it must be shown that the indorsee had actual knowledge of the infirmity of defect, or knowledge of such facts as to amount to bad faith.

Section 6702, Rev. Codes 1905, providing that "constructive notice" is notice imputed by the law to a person not having actual notice, and section 6703, Rev. Codes 1905, that every person who has actual notice of circumstances sufficient to put a prudent man upon inquiry, and who omits to make such inquiry with reasonable diligence, is deemed to have constructive notice of the

fact itself, since the enactment of the negotiable instruments law, have no application to actions upon negotiable instruments in the hands of indorsees before maturity, if they ever had such application, being superseded by section 6358, which defines "notice" in such case as actual knowledge of the infirmity or defect, or knowledge of such facts as to amount to bad faith.

In an action brought by an indorsee before maturity to recover on a negotiable promissory note, evidence that persons other than the defendant had given notes for a similar consideration, which notes had been placed in the hands of the plaintiff bank merely for collection, which bank had been informed by the makers that they suspected fraud in the inception of the notes, who thereafter informed the bank that matters were satisfactory and paid the notes, is inadmissible.

Showing knowledge of a contract made by the parties to a negotiable note and as a part of the same transaction is insufficient to charge an indorsee of the note for value and before maturity with bad faith, without also showing his knowledge of a breach of such contract.

THIS was an action to recover upon two promissory notes. The defense was that the notes had been negotiated in breach of faith. The court said:

The case at bar was tried on the theory that has been adopted in South Dakota and some other States, generally where the negotiable instruments law has not been enacted; that the provisions of sections 6702 and 6703, Rev. Codes 1905, are applicable in such cases. The first-named section provides that constructive notice is imputed by the law to a person not having actual notice, and the last named, that every person who has actual notice of circumstances sufficient to put a prudent man upon inquiry and who omits to make such inquiry with reasonable diligence, is deemed to have constructive notice of the fact itself. Whether these sections would have any application in the absence of the negotiable instruments law, considering other provisions of our Code, may be questioned, but without such law, the construction of these sections by South Dakota courts is in harmony with only a minority of the courts of other States. The negotiable instruments law, and particularly ection 6358, supra, supersedes and renders inapplicable the old sections quoted above, if they were ever applicable, to the purchase of negotiable instruments and the suspicions or knowledge of facts sufficient to put a party on inquiry as to defects in title, no longer necessarily constitute notice or charge a party with notice of defenses on the purchase of commercial paper. He must have actual knowledge of the infirmity or defect or knowledge of such facts as amount to bad faith.

RE-DISCOUNT OF PROMISSORY NOTE

TITLE TO PAPER

Supreme Court of Idaho, Dec. 27, 1910.

HOME LAND CO. VS. OSBORN.

Where bank N. transmits a promissory note owned by it to bank E., and guarantees the payment thereof, and bank E. thereupon pays to bank N. the face value of such note, with the further agreement that the transferee shall receive eight per cent. interest on the same, and that bank N. shall receive the difference between eight per cent. and the rate of interest which the note bears, and, when installments of interest fall due, bank E. charges the same to bank N., and draws for the amount, and bank N. responds by paying the same and collects from the maker of the note, and thereafter and prior to the payment of the principal bank E. sells and transfers the note to H. & Co., *held*, that the title to the note had passed to bank E., and that it had a right to sell and transfer the note, and that the holder thereof may maintain its action for the collection of the same.

THIS was an action upon a promissory note against the maker and against the Bank of New Perce as guarantor. The facts and the point decided are stated in the official syllabus given above.

NOTES ON CANADIAN CASES AFFECTING BANKERS

[Edited by John Jennings, B.A.. L.L.B., Barrister, Toronto]

SALE AT UNDERVALUE BY MORTGAGEE

PLEADING—STATEMENT OF CLAIM—COLORABLE SALE AT UNDERVALUE BY MORTGAGEE—PARTIES.

Bank of Commerce vs. Fitzgerald. (Master in Chambers) Mar. 23, 1911, pp. 951-2, O. W. N., vol. 2.

THE plaintiffs brought an action, asking to have it declared that certain assets belonged to the defendant, their debtor, and should be applied in payment of his debts. The defendant then moved before pleading to have the mortgagees of the property added as party defendants, or to have struck out so much of the statement of claim as alleged that sales were made at an undervalue to the defendant's wife.

CARTWRIGHT, *M. C.* (after setting out the facts): It is to be observed that no relief of any kind is being asked against the mortgagee companies. They are not being asked to account for selling at an undervalue. It would, therefore, be impossible to have them added as parties. It is scarcely necessary to say that a plaintiff cannot be obliged to take action against those whom he does not wish to attack—subject to this proviso, that his action will not be defective without their presence before the court. It was strongly urged by counsel for the defendant that plaintiffs should not be allowed to give proof of a sale at an undervalue, unless the mortgagees were parties to the action.

But this position, though at first it may not seem unreasonable, cannot be maintained. The statement of claim, looked at as a whole, as it must be on a motion of this kind, states in conformity with the rule the material facts on which the plaintiffs rely to prove their case. After Millington vs. Loring, 6 Q. B. D. 190, and such cases in our own courts as Stratford Gas Co. vs. Gordon, 14 P. R. 407, the defendants cannot object that too much is stated in their adversaries' pleading.

What the statement of claim does, as I understand it, is to set out in chronological order, and with perhaps more than ordinary fullness of detail, the various links in the series of events which, as the plaintiffs allege, show that within less than two years after the recovery of their judgment (which at that time must have exceeded with interest and costs, $61,000), the defendant, their debtor, devised and carried out a scheme by which he got back possession of all his assets through sales to his wife by the mortgagees, and which have now under the terms of the two trust deeds executed by her been in effect put under his dominion. Then if all this be so and can be proved to the satisfaction of the court, the relief asked for must be granted.

As the pleading stands, it does not seem to be open to objection. Had the details been omitted which the defendants now ask to have excised, there would probably (if not certainly) have been a demand for particular showing, for instance, why it was claimed that the sales to Mrs. Fitzgerald were only colorable and that the assets were held by her in trust for her husband, etc. The motion will be dismissed with costs to the plaintiff in the cause. The defendants may have eight days further to plead if desired.

LIABILITY ON ACCOMMODATION NOTE

PROMISSORY NOTE—LIABILITY OF ACCOMMODATION MAKERS—NOTE DEPOSITED WITH BANK FOR COLLECTION—RIGHT OF BANK TO LIEN FOR INDEBTEDNESS ARISING AFTER MATURITY—RIGHT SUBJECT TO EQUITIES BETWEEN ORIGINAL PARTIES.

Merchants Bank vs. Thompson (O. W. N. Page 904.)

THIS was an appeal from the judgment of the Chancellor in an action on a promissory note signed jointly and severally by the defendants, Thompson and Turley and one Living, for the sum of $2,000. It was given

in consideraton of the purchase by the said Living of an interest in a business owned by C. H. Fox at Vancouver, and the defendants, Thompson and Turley, were mere accommodation makers. The note was endorsed by Fox to the Merchants Bank of Canada. The only defendants were Thompson and Turley. The defences set up were as follows

(a) That the bank knew that the defendants were mere sureties; (b) the defendants were released by a binding agreement granting an extension of time to the principal debtor; (c) no notice of dishonor was given to the defendants; (d) that the note was not discounted with or given as collateral security to the bank but was left merely for collection; (e) that subsequently Fox became free of liability to the bank; (f) that the consideration for the note as between Fox and Living failed.

The trial judgment was in favor of the bank.

Judgment (Sir Glenholme Falconbridge, *C. J. K. B.;* Britton and Latchford, *J. J.*)*:* The Appellate Court found that the defendants had not succeeded in proving that the bank knew the defendants were mere sureties, nor that the bank had been a party to the alleged agreement extending the time. The validity of the other defences turns on the question whether the plaintiffs became the holders of the note in such circumstances that they are entitled to claim free from any defence which might be available between the original parties.

The evidence shows that the note was not given to the bank as collateral security for Fox's indebtedness, but was merely deposited with the bank as agents for collection; also that during the time the bank held the note, Fox became free of direct indebtedness to the bank, although there was always an indirect liability upon unmatured drafts drawn by Fox. Later Fox again became directly indebted to the bank and at the time of the issue of the writ was directly indebted to them in the sum of $1,046.90.

Under the first sub-section of Section 54 of the Bills of Exchange Act, the bank would be entitled to recover, although they had given no value if Fox had given value, but if the consideration given by Fox had failed before the plaintiffs became entitled to hold the note in their own right, the plaintiffs could not recover upon the note because they were then mere holders for collection. Under sub-section 2 of Section 54, the bank would have a lien upon the note so long as their customer was in their debt, i. e., so long as there was a debt presently payable by their customer, but the note not being pledged as collateral security, the plaintiffs could not claim to be holders for value in respect of a mere liability. The case is different where a note is deposited as collateral, for under those circumstances the bank would have all rights arising from contract at any period of the transaction, so long as there was any liability direct or indirect in existence.

If the bank became holders for value in respect of any indebtedness subsequently arising, it would seem to be on the theory that the note may be regarded as repledged to the bank after it was overdue, but this theory cannot be upheld where the note has all along remained in the hands of the bank merely as agents for collection. The bank are in no better position than if they took the note for the first time when Fox became again indebted to them and at that time the note was overdue. Immediately prior to the inception of the new indebtedness of Fox the bank were mere holders for collection and as such were subject to any defence that might be set up against Fox.

Section 74 of the Bills of Exchange Act, which enables a mere holder to sue in his own name, does not hold to plaintiffs that their rights in such an action are merely those of holders taking a note subject to all the equities.

The Court then considered the defence of failure of consideration and found that there had been a failure of consideration as between Fox and Living.

The Court, therefore, allowed the appeal and dismissed the action, Britton, J., dissenting.

MARKED CHECK AS A DEPOSIT

ACCEPTANCE BY BANK OF A MARKED CHECK AS A DEPOSIT—ACCEPTANCE BY BANK OF SETTLEMENT DRAFT FROM THE BANK UPON WHOM THE CHECK WAS DRAWN—SUSPENSION OF PAYMENT BY DRAWEE BANK—RIGHTS AND LIABILITIES OF DRAWEE AND DRAWER.

Johns vs. Standard Bank of Canada (O. W. N. Page 910).

ON December 16, 1910, the plaintiff had on deposit with the local branch of the Farmers Bank at Lindsay, $2,808.06. Becoming alarmed as to the solvency of the Farmers Bank, he went to the local manager of the Standard Bank at Lindsay, gave him his pass book on the Farmers Bank, signed a check in favor of the Standard Bank for the full amount of his balance and handed the same to the Standard Bank manager. The latter sent a clerk with the pass book and check to the Farmers Bank and had the check marked and the pass book was surrendered. The Standard Bank thereupon credited Johns in their book with the full amount of the check, entered the same to the credit of Johns in a pass book and delivered the pass book to him. The next day some other transactions occurred between the Standard Bank and the Farmers Bank and a settlement draft for about $3,000, drawn on the head office of the Farmers Bank of Toronto, was accepted by the Standard Bank. When this settlement draft was presented it was dishonored, the Farmers Bank having meantime stopped payment.

On December 20 the manager of the Standard Bank obtained the signature of Johns to a document purporting to release the bank from liability and put the parties in the position they were prior to the transaction set out above.

JUDGMENT (CLUTE, *J.*): Finds that the settlement by draft on Toronto was a matter of mere convenience between the bank, to which the plaintiff was no party. That had the Standard Bank demanded payment of the check on December 16, they would have received the money; that instead of that they took upon themselves to accept the Farmers Bank as their debtor for the amount, and that the defendants became debtors to the plaintiff for $2,808.06 as soon as they had entered this amount to his credit in their pass book and delivered that pass book to the plaintiff.

Viewing the practice as to settlement with the Farmers Bank, the Court held that if it could be argued that the check was not in fact presented for payment until Monday, the 19th, it would not have been presented within a reasonable time (Sec. 166 of the Bills of Exchange Act), and that therefore the plaintiff, as between him and the Standard Bank, would be entitled to the damages caused him by the delay, which, in the present case, would be the amount of the deposit.

With respect to the defence arising out of the instrument signed by the plaintiff, the Court hold that the circumstances under which that document was obtained made it quite impossible to support it as a valid instrument and commended the attitude of the general manager of the Standard Bank, who in court instructed his counsel to abandon that defence.

Judgment was accordingly entered for the plaintiff in the full amount sued for.

PROMISSORY NOTE AS PAYMENT FOR BANK STOCK

EVIDENCE—BURDEN OF PROOF—SALE OF BANK STOCK—ALLOTMENT TO SHAREHOLDERS—SHARES REFUSED OR RELINQUISHED — SALE TO PUBLIC — AUTHORITY—R. S. C. (1906), C. 29, S. 34.

Sovereign Bank vs. McIntyre (44 Supreme Court Reports,—157).

THIS was an appeal from the Court of Appeal for Ontario, which Court has reversed the trial judgment and found in favor of the dependant. The facts are given in the judgment of Mr. Justice Davies, speaking for the majority of the Court.

JUDGMENT (SIR CHAS. FITZPATRICK, *C.J.;* GIROUARD and DAVIS, *J.J.;*

IDINGTON and DUFF, *J. J.*, dissenting): This was an action brought upon a promissory note given by the defendant to the bank for $1,380, payable on demand.

The defendant pleaded, amongst other defences, want of consideration, and that if any such note was given by him, it was given conditionally for stock in the bank which he had never received, and that he was not to pay the said note.

The defence that he was not to pay the note arose out of a conversation, at the time of the giving of the note, between the defendant and one Karn, a local manager of the bank, who had induced defendant to purchase the stock for which the note was given. Some general statements were made by Karn to McIntyre at the time he signed the note, to the effect that he never would be called upon to pay it, but the bank was no party to any such promise directly or indirectly, and knew nothing of it.

As a matter of fact, it appears that Karn and McIntyre agreed to go into the purchase of this stock as a speculation, and Karn, who was urging McIntyre into it, gave the assurance, which is not unusual in such cases, that if he gave the note he would never be called upon to pay. Both parties expected the stock to rise in price, in which case they intended to sell and take the profits. I only mention this defence and these facts because the impression made upon my mind from the reading of the evidence was that they constituted in McIntyre's mind the real and only defence he had.

The defence relied upon in this appeal was that the necessary evidence to show a right in the bank to sell these shares was wanting, and that under the circumstances the onus of such proof lay upon the bank.

I am of the opinion, concurring with the trial judge, the Divisional Court and Mr. Justice Meredith of the Court of Appeal, that the onus of such proof lay entirely upon McIntyre and that nothing transpired to change that onus.

It seems clear to me that these shares sold to McIntyre formed part of certain shares which had been allotted by the bank to its shareholders and not taken up by them. They were then held by the bank and might be at any time "offered for subscription to the public in such manner and on such terms as the directors prescribed." Sub-sec. 2 of sec. 34 of "Bank Act."

I think it a fair inference from the correspondence and documents put in evidence that Karn had, acting on behalf of certain applicants in London for such shares, amongst them the defendant for ten shares, applied to the bank for them. The application itself is not forthcoming, but on the 19th April, 1906, Mr. Snyder, the inspector of the bank, wrote to Karn, the local manager at London, saying:

> We are in receipt of yours of the 13th and have drawn on you to-day for $9,300 in payment of 67 shares at $140, distributed as follows.

Then follow nine names, with the number of shares stated for each name, amongst them, D. McIntyre, defendant, ten shares.

His own evidence and admissions, coupled with the evidence reluctantly given by Karn, together with the bank books, convince me beyond any doubt that Mr. McIntyre did agree to purchase these ten shares for 140; that Karn, as his agent, applied to the head office of the bank to purchase them; that McIntyre knew of the receipt at the London agency of his scrip or certificate for such shares, that he gave his note in payment of the cost of the shares and for five successive quarters subsequently received his dividend checks for the dividends payable in respect of the shares.

I think the facts as proved and admitted on all these points quite inconsistent with the assumed ignorance of McIntyre respecting them and that the real facts are that he bought the shares with full knowledge, hoping for a rise in their price and depending upon his friend Karn's assurance that he never would be called upon to pay his note.

There remains only the legal question as to which party the onus rested upon; the defendant as the maker of

the promissory note sued on given for the stock, and that he has not discharged it. He has not called any of the bank directors, or given any evidence to show that the shares purchased by him were not shares which were available for subscription by the public. The onus lay upon him of showing that there were no such shares and that the directors had not prescribed the manner and terms on which they should be offered to the public. The certificate of the issue of the stock to the plaintiff, the evidence of Snyder, the inspector, the correspondence between the head office and the branch at London, all combine to show that there was such available stock. If he wished to rely upon the absence of authority on the part of the directors for its sale to the public, surely the duty lay upon him of giving some evidence on the point.

Then it is contended that the admission of the counsel for the bank at the trial that there was no resolution in the books specifically allotting these ten shares to McIntyre and that the allotment resolution was confined to shareholders, changed the onus of proof to the shoulders of the bank.

I do not agree to any such proposition. Sub-section 2 of section 23 of the "Bank Act" provides that

> Any of such allotted stock not taken up by the shareholders to whom the allotment has been made within six months from time when notice of allotment was mailed to his address or which he declines to accept, may be offered for subscription to the public in such manner and on such terms as the directors prescribe.

It was not necessary under this section, in offering stock to the public to go through with the formal methods provided for in the Act for allotting new stock which the bank may issue pro rata amongst the shareholders.

It was only necessary that the directors should prescribe generally the "manner and terms" on which the stock not taken up by shareholders might be sold to the public. Once that was done and communicated to the proper officer of the bank a legal sale could be made.

No "allotment," in the sense in which the Act uses the term, was necessary to be made to the public purchasers of such stock, and when the counsel used the language he did, admitting that there was no resolution allotting the ten shares to McIntyre, he did not admit that there had not been a bona-fide sale of such shares made by the bank on the terms prescribed by the directors, and was evidently not so understod by the trial judge.

Everything was done by the bank in its books, its stock ledger, its certificate of the issue of the stock, its enclosure of the same to the purchaser, its continuous payment of dividends to the purchasers, to show that there had been a bona-fide sale of ten shares of stock to him.

If McIntyre wished to show that the directors had not given the necessary authority for such sale, the onus lay on him of showing it, and in my opinion that onus he has not discharged.

REPLIES TO LAW AND BANKING QUESTIONS

Questions in Banking Law — submitted by subscribers — which may be of sufficient general interest to warrant publication will be answered in this department

MODE OF COMPUTING INTEREST

HOUSTON, TEXAS, APRIL 15, 1911.

Editor Bankers Magazine:

SIR: The following note was discounted by a bank:

In discounting this note the bank computed interest for the actual number of days, adding the same into the face of the note. The maker refused to pay interest for actual days but tendered payment for nine months and ten days, or 280 days as contrasted with 283 days, in figuring actual days. Is there not a difference in "discount" and "interest per annum," though the note does not run for a whole year? Please state the law governing this.

BANK CLERK.

Answer: The legal mode of computing interest is to compute it according to the actual time, reckoning 365 days to the year. Pool vs. White, 175 Pa. St. 459, 474.) In N. Y. Firemen's Ins. Co. vs. Ely (2 Cowen [N. Y.],

678, 707) where the question was one of usury, the court said:

"Interest is to be at the rate of seven per cent. per annum; that is, at the rate of seven per cent. for 365 days; for a legal year is 365 days; the legal half of a year, 182 days; and the legal quarter, ninety-one days: the law paying no regard to the odd hours.

"The custom of usage of banks or individuals cannot shorten a year to 360 days; but a different mode of calculating interest on notes payable at sixty or ninety days, and notes payable in two or three months, is established and practiced." Now, in the case stated, the actual time which elapsed between the date of the note and the date on which it became payable was 283 days, and hence the bank was right in computing the interest for that time.

MATURITY OF INSTRUMENT PAYABLE IN FEBRUARY

NASHVILLE, TENN., APRIL 24, 1911.

Editor Bankers Magazine:

SIR: Will you please state the due dates of notes dated December 28, 29, 30 and 31, 1910, payable two months after date, without grace? Some bankers hold that each of the four notes would be due February 28, 1911, while others hold that each would have separate due dates. Please state the rule governing the fixing of due dates for such notes.

BANKER.

Answer: While questions of this character have frequently arisen in the course of usiness, the courts do not appear to have passed upon the point. The common practice, however, is to count by months, and if the month in which the paper would fall due has no day corresponding to that mentioned in the paper, then the last day of that month is taken as the nearest approximate date. This practice is based upon the assumed intent of the parties that the *month* rather than the day shall be the controlling factor. Thus, it is assumed that a month from a day in January means a day in February, and not a day in March; and where it is not possible to perform the contract strictly in accordance with its terms, the last day of the month is taken as the date which most nearly meets those terms.

INJUNCTION TO RESTRAIN PAYMENT OF CERTIFICATE OF DEPOSIT

APPLETON, WIS., April 27, 1911.

Editor Bankers Magazine:

SIR: Can the payment of a certificate of deposit be enjoined when it is held by a party other than the original payee, and would the bank be in contempt of court in paying such certificate of deposit to an innocent and bona fide holder of same?

CASHIER.

Answer: Where there is a dispute concerning the title to a certificate of deposit, it is not an uncommon thing for the person who claims to have been unlawfully deprived of the posesssion, to apply for an injunction restraining the person having the possession from transferring or collecting the paper, and such injunction sometimes restrains the bank from making payment. But before the court will grant such an application, it requires security for the protection of the other party and the bank, and the court is always careful to so frame its order that the rights of third persons will not be injuriously affected thereby. The extent of the order will always depend upon the facts of the particular case. Where an order of this character is made, it must be obeyed, and a payment in violation thereof would be contempt of court.

INSOLVENT JOINT MAKER OF NOTE—ATTORNEY'S FEES

Editor Bankers Magazine:

SIR: Will you please give us your opinion in the following case: A firm made a note calling for attorney's fees for $2,000. The note was signed by the firm and also by the senior member as joint maker. He died and the firm was thrown into bankruptcy. About fifty per cent. of the note was realized from the resources of the firm, but no attorney's fees were allowed on this part. The senior member's estate was entirely solvent and paid the balance of our note and attorney's fees on this part of our not

Could we collect the attorney's fees from the senior member's estate on the part collected through the bankruptcy court?

A CASHIER.

Answer: As a joint maker of the note, the senior partner became liable for the entire amount agreed to be paid, and whatever part thereof remains unpaid may be collected from his estate. The proper method is not to divide the note into parts, but to claim for the full amount of principal, interest and attorney's fees, crediting all payments received either from the trustee in bankruptcy or from the executor of the deceased partner. For example, if the principal of the note were $1,000, and the interest fifty dollars, and the attorney's fees $100, and the amount received from the trustee was $500, and from the executor of the deceased trustee $575, the claim against the executor would be for the sum of $1,150, less the credits of $1,075.

PRACTICAL BANKING

PREPARING FOR THE COMPTROLLER'S CALL

By W. K. Mosher, Assistant Cashier Second National Bank of Erie, Pa.

THE ordinary country bank is in a position where the Comptroller's call for a statement of condition, which is issued five times a year, disarranges the entire working of the bank for at least two days and in some cases more.

These calls always come at inopportune times. Quite likely the cashier will be away, some of the bookkeepers sick or on vacations, and the usually inadequate force of clerks doubling up on work and grouchy in consequence. The calls invariably reach the office by wire from the Washington agents at just the time when at least half the force is watching the clock for dinner hour to arrive.

In comes a messenger boy. The assistant cashier tears open the envelope and says—oh, well—never mind what he says, it's enough!

"Comptroller calls for a statement of condition, close of business the sixteenth," and the visions of beefsteak and onions and lemon pie form a dissolving view and merge themselves into a ham sandwich and a glass of milk. And this is no "idle jest"; it has happened "just like that" so many times that it is an old story.

Now the usual proceeding is to start right in and take off the statement, and hustle out to find two directors who will sign their names to the blank, after the president has signed, vouching for its correctness. Then the publisher's statement must be made out and hustled to the afternoon paper, for it is a matter of pride that the statement must appear in print at the same time that our rivals across the street publish theirs; and that bank clerk is indeed "a dead one" who does not speculate about "how much we beat the Steenth National on deposits this time," or "how much the Merchants have made since the last call."

All this is merely preliminary to the real work, which is called for in those "inquisitorial schedules" listed on the reverse side of the blanks. The smaller ones give no trouble, but there is the one at the top of the left hand page, consisting of six items, which is a corker. You all know it by heart:

A. On Demand. With one or more individual or firm names.

B. On Demand. Secured by stocks, bonds, or other personal securities.

C. On Time. Paper with two or more individual or firm names.

D. On Time. Single name paper. One person or firm without other security.

E. On Time. Secured by stocks, bonds, or other personal securities.

F. Secured by real estate mortgages or other liens on realty.

It usually means a two or three days' task at odd moments to figure and tabulate these amounts in the ordinary bank.

To overcome this, the writer in 1904 originated and has used with success the following system of keeping the records of Bills Discounted, based on the information as asked for above.

The first step was the keying of the paper as discounted, each note being marked with the letter corresponding to the divisions of the Comptroller as above. This should be done at the time the paper is taken and by the officer discounting it. At the close of the day's business the different amounts are assembled and totaled on a blank like the following:

DEBIT Bills Discounted Recapitulation

Date 191

A On Demand { Paper with one or more individual or firm names		500	00
B On Demand { Secured by Stocks, Bonds or other personal securities		5000	00
C On Time { Paper with two or more individual or firm names.		3000	00
D On Time { Single name Paper One person or firm without other security		300	00
E On Time { Secured by Stocks, Bonds or other personal securities		3750	00
F Secured by REAL ESTATE MORTGAGES or other liens on Realty		None	
Total	$	12550	00

FORM A

The second step is the same division and tabulation in the same way of the bills discounted paid out. This is done by the discount clerk or the general bookkeeper, using the accompanying blank—Form B.

The notes are first posted in detail as a debit from the discount register into the lines of discount ledger.

The notes paid out are then posted to the proper account as credits in detail and the balance of each account changed accordingly.

This discount ledger, or customers' liability ledger, as we prefer to call it,

CREDIT Bills Discounted Recapitulation

Date 1911

A. On Demand { Paper with one or more individual or firm names		6000	00
B On Demand { Secured by Stocks, Bonds or other personal Securities.		9000	00
C. On Time { Paper with two or more individual or firm names		3188	50
D. On Time { Single Name Paper. One person or firm without other security		385	00
E On Time { Secured by Stocks, Bonds, or other personal securities		3150	00
F. Secured by REAL ESTATE MORTGAGES or other liens on Realty		None	
Total	$	21723	50

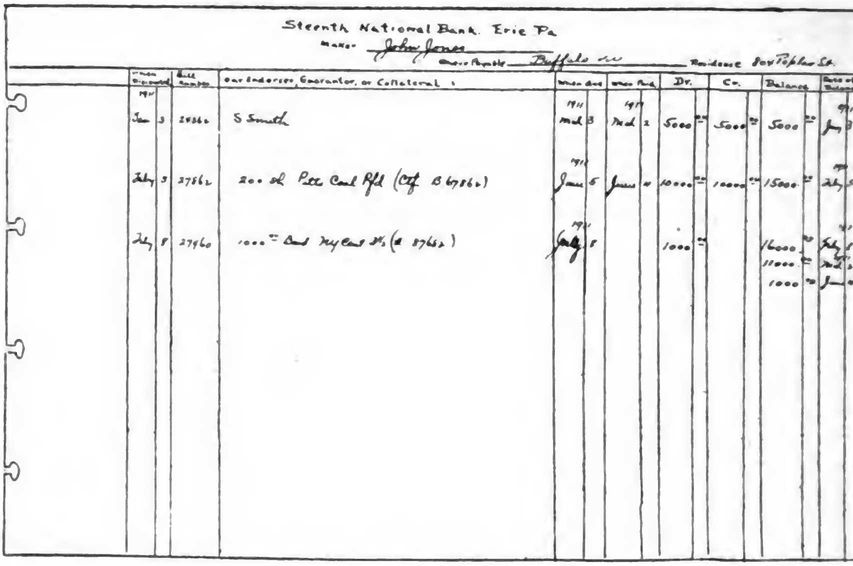
FORM B

is a looseleaf book, carrying a sufficient number of leaves 14x9 inches to accommodate each borrowing customer's name on a separate sheet, which may be removed and filed in a binder as soon as filled or closed out.

In my own experience transferring to the binder five or six times a year has sufficed to keep the accounts reduced to live accounts only.

White sheets are used for direct liability accounts, and colored sheets for commercial paper discounted for our customers, these being filed in the ledger immediately following the customers' direct liability sheet.

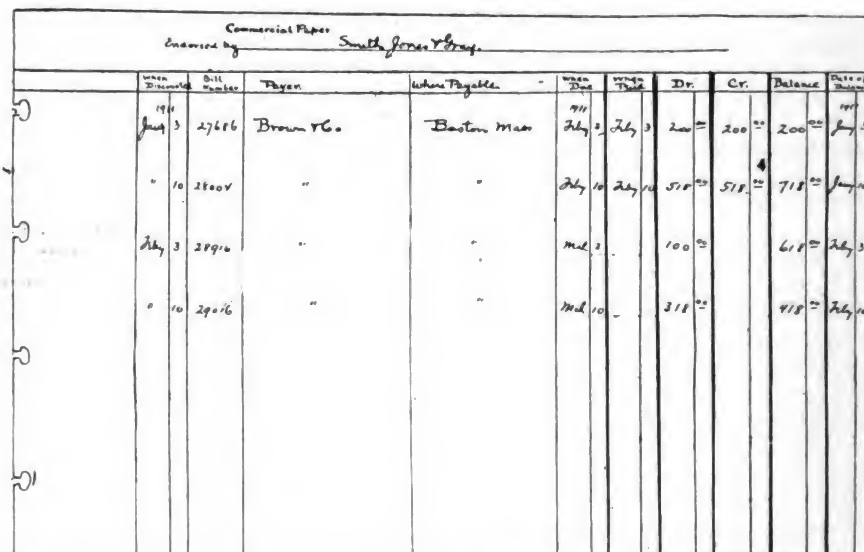
By the above detail division it is possible to find in a moment the total amount of each individual or firm's direct and contingent liability as maker or endorser, and in the case of a large firm discounting an extensive line of commercial paper (by the use of a separate sheet for each house's paper) the total amount of any customers of the firm's liability.



Steenth National Bank. Erie Pa
Maker John Jones
Where Payable Buffalo N.Y. Residence 80x Poplar St.

When Discounted		Bill Number	Our Endorser, Guarantor, or Collateral	When Due		When Paid		Dr.	Cr.	Balance	Date of Balance
1911 Jan	3	[illegible]	S Smith	1911 Mch	3	1911 Mch	2	5000.00	5000.00	5000.00	1911 Jan 3
Feb	5	27862	200 sh Pitts Coal Pfd (Cf B 67862)	1911 June	5	June	4	10000.00	10000.00	15000.00	1911 Feb 5
Feb	8	27960	1000.00 Bond Ny Cent Rs (B 27862)	1911 July	8			1000.00		16000.00 11000.00 1000.00	1911 Feb 8 Mch 2 June 4

FORM C



Commercial Paper
Endorsed by Smith, Jones & Gray.

When Discounted		Bill Number	Payer	Where Payable	When Due		When Paid		Dr.	Cr.	Balance	Date of Balance
1911 Jan	3	27686	Brown & Co.	Boston Mass	1911 Feb	3	Feb	3	200.00	200.00	200.00	1911 Jan 3
"	10	28008	"	"	Feb	10	Feb	10	518.00	518.00	718.00	Jan 10
Feb	3	28916	"	"	Mch	3			100.00		618.00	Feb 3
"	10	29016	"	"	Mch	10			318.00		418.00	Feb 10

FORM D

The ruling of these ledger sheets is shown above.

It is an easy matter from these sheets to spot the "Kiter" and the "Chronic Renewer," and to keep thoroughly in touch with each firm's business, and be able to avoid any over-expansion of credit to doubtful borrowers.

In the front part of this ledger we carried a few extra sheets, headed according to the division as given in the Comptroller's report, and from the tabulated figures of each day's business we posted the debits and credits to each of these six sub-division accounts.

In addition thereto we carried a total bills discounted governing sheet, posting thereon the totals of each day's busi-

ness. The balance of this account should, of course, agree daily with the general ledger balance, and should be the total of the six sub-division accounts mentioned above.

Whenever we received a Comptroller's call the items were immediately at hand to complete the schedules as called for, and it should not require more than one day at any time to have the blanks ready to forward to Washington.

The ledger was used by the officers and directors more than any other book in the bank, and we would not dispense with it for any consideration, in fact, we could not keep house without it.

RULES OF FINANCE

BETWEEN commercial bank credit and credit from the jobber or manufacturer there is a fairly close analogy. Quick assets is the basis for figuring both, though real estate and the money invested in buildings and equipment are both taken into consideration in fixing the amount of accommodation granted a borrower. Exceptions to this are store and office buildings which are rarely given tangible value.

The general rule in banking is that the ratio of quick assets to loans should be at least two to one—the surplus assets, in other words, equalling the amount of the loan. The difference betwen the two establishes the net worth of the borrower and his ability to pay quickly, from the bank's standpoint—the net that makes it possible for the bank to get its money when payment of the loan is demanded.

The banker explains this ratio from the standpoint of the bank and of the borrower. Liquid assets, he says, like all assets, have a tendency to shrink under liquidation, whereas liabilities remain stable, and when a borrower's quick assets approximate only fifty per cent. of his liabilities—even though this margin may cover the loss, the risk may become unsafe for the reason that the margin of shrinkage for assets is too small.

When a customer's loan comes due, and he still retains the proper margin of quick assets over liabilities, the banker has no hesitancy in extending the loan, as the risk is just as good as when it was accepted; the loan continues to be well protected, and payment could be made if demanded.

The wisdom of following this important rule is obvious. Not only does it insure safe banking, but it promotes stability in the customer's own business. Moreover, for the borrower to follow the rule is to keep in good favor with the bank.—*System.*

BONDS FOR POSTAL BANK DEPOSITORS

POSTAL savings bank depositors, may, after July 1, convert their deposits into United States bonds, in denominations of $20, $100 and $500, it has been announced. The bonds pay two and one-half per cent. interest, which is one-half of one per cent. higher than is paid on postal savings deposits.

Under the present laws governing the banks, an individual cannot deposit more than $500 a year. Complaints have been made against this restriction, and the bonds will relieve the situation. Either registered or coupon bonds may be purchased. The department advises the depositors who are seeking a safe investment to buy the registered bonds, interest on which is paid semi-annually, and can be collected by the registered purchaser only.

During April 3,618 separate deposits were made in the 48 initial banks, aggregating $82,646, averaging $31.57 per deposit. In January the average of 3,830 separate deposits, aggregating $61,805, was only $16.14.

Postmaster-General Hitchcock announces the designation of forty-seven additional depositories, making a total of 176 postal banks since January 3 last. The officers designated will be ready to receive deposits June 12. The forty-five offices announced the first week in May have reported that they will be in readiness for operation June 1.

The new list follows: Tuscaloosa, Ala.; Clifton and Prescott, Ariz.; Conway, Ark.; Monterey, Needles and Petaluma, Cal.; Durango and Grand Junction, Colo.; Willimantic, Conn.; Orlando, Fla.; Gainesville, Ga.; Pocatelio, Id.; Canton, Ill.; Sullivan, Ind.; Red Oak, Ia.; Parsons, Kan.; Frankfort, Ky.; Jennings, La.; Biddeford, Me.; Annapolis, Md.; Hyde Park, Mass.; Marquette, Mich.; Eveleth, Minn.; Grenada, Miss.; Cape Girardeau, Mo.; Dillon, Mont.; Columbus, Neb.; Elke and Ely, Nev.; Laconia, N. H.; Dover, N. J.; East Las Vegas and Roswell, N. M.; Herkimer, N. Y.; Conneaut, O.; Ardmore, Okla.; Pendleton and Medford, Ore.; Homestead, Pa.; Georgetown, S. C.; Victoria, Tex.; Proctor, Vt.; Suffolk, Va.; Wenatchee, Wash.; Rhinelander, Wis., and Evanston, Wyo.

INVESTMENTS

Conducted by Franklin Escher

THE VALUATION OF BONDS

PRACTICAL ADVICE AS TO HOW TO FIGURE VALUES

By Robert S. Dana

THE public is showing a large and constantly increasing interest in bonds and other forms of investment, and many articles are being printed on that subject. There are some features, however, that have been hitherto but lightly touched upon, among which are the valuation and yield of bonds and the principles by means of which the true bases are obtained.

An investor buys a five per cent. hundred dollar bond which has ten years to run, and pays, we will say 104 for it. His banker tells him that the bond will yield practically four and one-half per cent. on the investment, and he goes away satisfied. After he reaches home, he suddenly recalls that he purchased a share of five per cent. stock a few days previously at 104, and that this same banker told him then that the investment would net him about 4.8 per cent. Naturally, he is puzzled and, being of an inquiring turn of mind, sets himself to a solution of the problem. His first step is to divide the yearly interest (five dollars) by the price ($104) to find the rate, and he gets .0481 as a result, which is approximately 4.8 per cent. This he notes is the yield shown by the stock according to his banker. Why then should it differ for the bond? It certainly looks as though a mistake had been made, but as the apparent mistake is in favor of the investor, he is content to let it rest.

As a matter of fact, the banker was right in both of his assertions as to the yields of the two securities. Our investor, in common with many others of his kind, failed to consider one very important point. This is, that the stock having no fixed date of maturity, may be considered as perpetual; while the bond has a certain specified date on which the principal is payable and interest ceases. A simple arithmetical calculation will give the income return in the former case, but in the latter a far more complicated process is required, involving the use of logarithms when maturities are several years distant.

Premiums and Discount.

If a bond is bought at a premium and held till maturity, the owner will receive from the company issuing it, not the principal sum originally invested, but simply the par of the bond. Provision must therefore be made to save a portion of each interest coupon when it is paid, so that these savings added to the face value of the bond will be equal at maturity to the original investment. That is the reason why the *actual* yield of a bond bought at a premium is less than its *apparent* yield.

Exactly the reverse is true when a bond is bought at a discount. Here, the *actual* yield is greater than the *apparent* yield. Consequently the investor is really entitled to a larger sum than he actually gets when each coupon is cashed. This amount is made up to him in one lump when the principal of the bond is paid at maturity. As in the case previously cited, he receives par for his bond. But in this case he paid less than par for it; therefore the difference in amount between the purchase price and par is the deferred interest to which he is entitled.

Present Worth.

The valuation of a bond is based entirely on Present Worth. To find the present worth of a dollar due in a given time and at a given rate, divide one dollar by one plus the interest rate

Capital, Surplus and Undivided Profits, $9,000,000

THE MERCHANTS LOAN AND TRUST COMPANY

OLDEST BANK IN CHICAGO

ORSON SMITH President	P. C. PETERSON Assistant Cashier
EDMUND D. HULBERT Vice-President	C. E. ESTES Assistant Cashier
FRANK G. NELSON Vice-President	LEON L. LOEHR Sec'y and Trust Officer
JOHN E. BLUNT, Jr. Vice-President	F. W. THOMPSON Mgr. Farm Loan Dept.
J. G. ORCHARD Cashier	H. G. P. DEANS Mgr. Foreign Dept.

1857 —— 1911

For more than half a century this bank has steadfastly adhered to its original policy of safe and conservative banking . . . And on its books today may be found the accounts of banks which during their entire corporate existence have had no other Chicago correspondent

ACCOUNTS OF BANKS AND BANKERS SOLICITED ON FAVORABLE TERMS

CANADIAN INVESTMENTS

INVESTMENT TRUST COMPANY

LIMITED

MONTREAL - - - - - - CANADA

ACTS AS

Trustee **Registrar**
Transfer Agent **Executor**

OFFICERS		DIRECTORS	
K. W. BLACKWELL, *President*	N. B. STARK, *Sec.-Treasurer*	K. W. BLACKWELL	R. MacD. PATERSON
J. P. BLACK, *Vice President*	A. J. NESBITT, *Man.-Director*	J. P. BLACK	W. M. DOBELL
		JAMES R. WILSON	A. J. NESBITT

Canadian Government Municipal and Corporation Bonds

To yield from 4 to 6 per cent.

as many times as there are interest periods. To illustrate: The present worth of a dollar due in one year at four per cent., interest payable two per cent. semi-annually, equals

$$1 \div (102)^2 \text{ or } .961168781.$$

To find the value of a bond due in a given time and paying a stated rate of interest, which shall net a given rate upon the investment, find the present worth of the par value of the bond for the time it has to run, at the rate chosen, and add to this the present worth of each coupon, from the date of purchase till the maturity of that coupon, at this same rate. Let us take an example:

What is the value of a thousand-dollar, five per cent. bond, due in two years, with interest payable semi-annually, to net the investor four per cent.?

P. W. $1,000, due in two years, at four per cent., equals...........	$923.84
P. W. $25 (coupon), due in six months, at four per cent., equals.	24.51
P. W. $25 (coupon), due in one year, equals	24.03
P. W. $25 (coupon), due in one and a half years, equals............	23.56
P. W. $25 (coupon), due in two years, equals	23.10
Value of bond under the above conditions equals	$1,019.04

It will be noted that this example is based on a *premium* bond. As the method for valuing a *discount* bond is identical, it will not be necessary to give an example to illustrate the latter case. As the great majority of bonds pay their interest every six months, this class of bonds was taken to illustrate the example. There are, however, some few bonds that pay their interest quarterly and also some with annual interest dates. The valuations in these latter cases will differ somewhat from those obtained for bonds with semi-annual interest payments, all other things being equal.

Tables.

In order to save time and trouble, tables have been published showing the income return at various prices of bonds paying different rates of interest, with maturities varying from six months to fifty and even one hundred years. The most comprehensive of these tables give values and yields at intervals of every five one-hundredths of one per cent. from a two per cent. to a six per cent. basis. The tables most generally used by bond salesmen are based on a hundred-dollar par value, and the figures are carried out to two decimal places. The prices given do not include accrued interest. The value of the bond which was worked out in the example is given in the bond tables as 101.90.

The utmost care has been used in preparing these tables, and they are now accepted by bankers as authoritative. If, however, any one wishes to check the accuracy of the figures he can do so by a very simple mathematical process. For example:

Value of a five per cent. semi-annual $100 bond, due in two years on a four per cent. basis, according to the table, equals..................		101.90
Value of five per cent. interest coupon for six months equals.	2.50	
Net interest return for six months, at four per cent., equals .02 times 101.90, equals 2.038, or	2.04	
Difference to be subtracted from value given above.................		.46
Value of the bond due in one and a half years, on a four per cent. basis		101.44
Value of the bond due in one and a half years, as shown by the table..		101.44

In the case of a discount bond, the same method will apply, but the process is somewhat different. Here the net interest return is greater than the value of the coupon. Therefore the difference between these two amounts is added to the value of the bond instead of subtracted from it in order to get the new value.

Amortization.

Bond tables are of great assistance to the investor in amortizing his holdings. Amortization, which may be defined as the gradual payment of a debt by means of a sinking fund, is an essential part of the bookkeeping that must be done by the investor, especially when his holdings of bonds are large.

If a bond is bought at a premium, that premium becomes a debt which must be extinguished by the time the bond reaches maturity in order to retain the principal intact. If a bond is bought at a discount, a debt gradually accrues to the holder, and a proper record should be kept in order that the owner may know the exact condition of his investment and to prevent his taking a loss in case he should sell the bond before its maturity.

In order that this matter may be perfectly clear, examples are given below showing a simple method of amortization for premium and discount bonds. The figures under the heading "Book Value" are taken directly from the bond tables, while those under "Amortization" are the differences between the various tabular amounts.

Example No. 1—A $1,000 six per cent. semi-annual bond, having three years to run, is purchased at 104.17, to yield four and one-half per cent. on the investment:

Years to Run	Book Value	Amortization
3	$1,041.70	
2½	1,035.10	$6.60
2	1,028.40	6.70
1½	1,021.50	6.90
1	1,014.50	7.00
½	1,007.30	7.20
0	1,000.00	7.30
Value at maturity..	$1,000.00	$41.70

Example No. 2—A $1,000 four per cent. semi-annual bond, having three years to run, is purchased at 95.90, to yield five and one-half per cent. on the investment:

Years to Run	Book Value	Accumulation
3	$959.00	
2½	965.40	$6.40
2	972.00	6.60
1½	978.70	6.70
1	985.60	6.90
½	992.70	7.10
0	1,000.00	7.30
Value at maturity.	$1,000.00	$41.00

The first example shows the amount to be reserved out of each maturing coupon for the sinking fund, the total of the several amounts so reserved being equal at maturity to the premium carried by the bond at the time of purchase.

The second example shows the amount of interest to which the holder is entitled in addition to the value of the maturing coupon, the total of the several amounts being equal at maturity to the discount on the bond at the time of purchase.

These examples show that the holder of a premium bond, if the same be properly amortized, may subsequently sell it at a price less than the original cost, and yet make a profit, while a discount bond, unless a correct accounting is made, might be later sold at an apparent profit and still show a loss.

It may also be noted that the holder of a number of bonds, both premium

and discount, might easily be able to offset the charges with the credits and come out practically even on balance. In these particular examples, the nominal sum of seventy cents is all that it would be necessary to save during the life of the bonds, in order to balance the accounts.

Finally, these examples show that the value of any bond, whether it be at a premium or discount, always approaches par as the bond approaches maturity.

UNION PACIFIC

A CLOSE BUT NON-TECHNICAL ANALYSIS OF A PROPERTY WITH WONDERFUL POSSIBILITIES

By Frederic Drew Bond

THE Union Pacific and the Pennsylvania are the two greatest railroads in the world.

The Pennsylvania has "arrived." Its securities are no longer speculative; they are investments. They offer a sure income but little chance of a great rise in price.

The Union Pacific is only at the beginning of its growth. It is a young giant. Those who marvel at its greatness now, will be astounded at the fullness of its powers.

Union Pacific common shares are now selling at nearly the same price as before their dividend was raised in 1906 from six per cent. to ten per cent. yearly. Either through increased dividends in the near future, or, more likely, through some sort of an apportionment of "rights," it is reasonable to expect the stock to sell much higher than it is now.

A few words to justify these expectations:

1. The Union Pacific has the greatest gross earnings per mile of any Western road.

2. It operates its road on a scale of excellency hardly second to the Pennsylvania and at less cost compared to its gross earnings than any other Western road.

3. The Union Pacific is not only a railway; it is an investment holder greater than either Rockefeller, Carnegie, the Goulds or the Vanderbilts.

Let us consider each of these three points.

Gross Earnings.

The accompanying table shows the gross operating revenue *per mile* and the operating expenses *per mile* of the five great transcontinental systems for the year ending June 30th, 1910.

In other words, the Union Pacific nets per mile about thirty per cent. more than its controlled line, the Southern Pacific, about fifty per cent. more than the Northern Pacific and about twice as

	Union Pacific.	Southern Pacific.	Northern Pacific.	Great Northern.	Atchison.
Mileage	6,296	9,752	5,765	7,020	9,961
Gross	$14,057	$12,975	$12,929	$9,183	$10,587
Maintenance of way	1,458	1,651	1,881	1,677	1,796
Maintenance of equipment	1,458	1,621	1,560	1,071	1,569
Conducting transportation	4,154	4,267	4,536	2,847	3,663
Net	6,987	5,436	4,950	3,588	3,559

much as either the Atchison or the Great Northern.

Put another way, here are the percentage ratios of the above figures:

	Union Pacific.	Southern Pacific.	Northern Pacific.	Great Northern.	Atchison.
Maintenance of way	10.4%	12.7%	14.5%	18.3%	17%
Maintenance of equipment	10.4	12.5	12.1	11.5	14.8
Conducting transportation	29.6	32.9	35	31.2	34.6
Leaving net	49.6	41.9	38.3	39	33.6

The same sort of results would appear if we examined the averages for the last ten years instead of those for 1910 only.

Whence this marvellous supremacy of the Union Pacific Railroad?

It might be answered that the road does more business at less cost. But let us look closer. Why is its gross per mile higher than that of any other of these four Western systems?

If we divide the number of miles travelled by all the passengers on a railroad during the year (passenger-miles) and the number of miles travelled by all the tons of freight (ton-miles) by the length of the road, we get the number of passengers and the number of tons of freight carried one mile *for each mile of the road.* These two numbers represent the "traffic density" of the road and they afford the best comparison with other roads in considering which obtains the best results.

For 1910 the traffic density of the Union Pacific was 153,000 passenger-miles and 953,000 freight ton-miles; on the Southern Pacific the figures were, respectively, 185,000 and 816,000; on the Northern Pacific they were 169,000 and 940,000; on the Great Northern, 92,500 and 809,000, and on the Atchison, 124,000 and 704,000. In other words, the Union Pacific has a much greater passenger traffic density than the Great Northern or the Atchison and a much greater freight density than the Atchison, the Southern Pacific or the Great Northern. Its freight density is greater, also, than the Northern Pacific's, but not very much so, and its passenger density is slightly below that of the Northern, and of the Southern Pacific. How, then, do its gross earnings per mile so much excel these roads' also? The table of average passenger and freight rates per mile last year tells the tale:

	Union Pacific.	Southern Pacific.	Northern Pacific.	Great Northern.	Atchison.
Freight	1.024c.	1.162c.	.9c.	.82c.	1.015c.
Passenger	2.122	2.188	2.184	2.204	2.056

In other words, the Northern Pacific and the Great Northern have a much lower ton-mile rate that the Union Pacific. This is not because the Union Pacific

charges more on the same class of goods but because it handles on the average a higher grade of freight on which the charges are larger. The Union Pacific, in a word, is better favored naturally as regards the products which it is offered for transportation.

Superior Operation.

So much for the superiority of the Union Pacific gross earnings. How does it keep down its transportation expenses, so that almost $7,000 a mile is left as net earnings?

First of all, it uses fewer cars to do the same work. This means less expenses in fuel and wages and a less expense in maintenance of equipment, or, else, a higher standard of maintenance for the same amount of equipment. Here are the figures showing the amount of revenue equipment for each of the roads mentioned above:

	Freight cars.	Passenger cars.	Locomotives.
Union Pacific.....	26.043	824	1,133
Southern Pacific ..	45,185	1,958	1,821
Northern Pacific..	43,816	1,119	1,430
Great Northern...	44,283	885	1,127
Atchison	57,781	1,375	1,923

But with so many less cars, how does the Union Pacific excel in its work?

The answer is, that it loads its cars to the maximum and that it moves them far quicker than do the other roads. Its average freight car train load last year was 548 tons of revenue freight against 476 tons for the Southern Pacific, 429 for the Northern Pacific, 518 for the Great Northern and 388 for the Atchison (really much less for this road, as the Atchison includes its own company freight in this figure). And the Union Pacific gets more tons into each car: twenty-two tons on the average against twenty-one for the Southern Pacific, twenty for the Great Northern, eighteen for the Northern Pacific and nineteen or less for the Atchison. And, finally, the Union Pacific moves its cars with a rapidity which makes the other roads look like snails. Forty-six miles a day is the average Union Pacific freight car movement, against thirty-three miles for the Southern Pacific, thirty-two miles for the Atchison, and twenty-four miles each for the Northern Pacific and the Great Northern.

Similar statements are true in the matter of passenger traffic.

But, it may be asked, how is the Union Pacific able to do all this if the other roads cannot? How can the management of this road do what James J. Hill cannot do for his two roads? Here, in the end, we get down to certain natural advantages which the other roads lack. In the first place, the Union Pacific at its two Easternmost terminals, Kansas City and Omaha, is wonderfully well situated to get the freight from about a dozen other roads carrying tonnage to these central points, without the vast amount of shifting and switching and transferring which its competitors have. The bulk of its through business for the West is delivered to it at these two cities instead of coming from a number of intermediate points. And with this fact goes another, one of the most important of all. The Union Pacific has very few branches. Compare its map with that of the other systems and a mere glance will make this clear. The road is still what it has been from the start: *the great through line of the West.* Here, in the end, is the final

reason why it can do its work with so few cars, move them so very fast and yet have an immense car load and train load. Here, too, spring the economies it effects in maintaining its equipment and in conducting transportation. Notice, also, that even yet the Union Pacific's freight density of nearly a million ton-miles is but one-quarter that of the Reading and one-sixth that of the Pennsylvania's. Could any fact show more instantly the possibilities for the great Western roads, and, above all, for this road, as population increases?

Investment Holdings.

But the Union Pacific is very much more than the greatest railroad west of Chicago. With its ownership of securities of the Southern Pacific, Illinois Central, Baltimore & Ohio and other companies, it is one of the greatest investment holders in the world. How did it get all this wealth? has been frequently asked.

It got these vast investment holdings of the stocks and bonds of other railroads through persuading its stockholders to lend it 100 millions of dollars in 1901. With this it bought its Southern Pacific and its Northern Pacific holdings, which latter was afterwards exchanged for Northern Securities stock. This loan and a certain amount from the sale of the Oregon Short Line Participating four per cent. bonds (now retired by the refunding bonds of the same company) is the secret of the $116,000,000 of investments it made in 1901 and 1902. And these investments, owing to excellent sales and repurchases and, above all, to the immense appreciation in the price of the Southern Pacific shares, have now a market value of about 300 millions of dollars. And notice further. The 100-million-dollar bond issue by which the Union Pacific got most all of this fund had a converitable feature. A bondholder could exchange his bond for common stock at par. As nearly every bondholder finally did this, the entire 100-million loan in the end cost the Union Pacific just about nothing at all. Or, put another way, the 300 million dollars of securities it now owns have cost it, net, about 16 millions of Oregon Short Line refunding bonds outstanding. And note the consequences. The capitalization per mile of the great systems compared comes to this at the end of the last fiscal year:

	Union Pacific.	Southern Pacific.	Northern Pacific.	Great Northern.	Atchison.
Bonds	$47,244	$46,797	$33,123	$15,885	$30,319
Stock	50,210	27,960	43,731	28,487	28,080
Total	$97,454	$74,757	$76,854	$44,372	$58,399

It would appear from this table that the Union Pacific had a much heavier bonded capitalization per mile than any other of the four roads, except the Southern Pacific. But, as a matter of fact, this table is misleading about the net bonded capitalization either of the Southern or the Union Pacific. If we take the 300 millions' worth of securities of the Union Pacific and pro rate their value per mile of road (by dividing by the length of the road, 6,296 miles), we get $47,649, or more than the whole bonded indebtedness per mile. If we subtract this figure from the total capitalization per mile ($97,454) we get $49,805, or about the same amount as the Great Northern and much less than any of the other roads considered.

Put another way, these facts come to this: The Union Pacific has sufficient liquid assets to pay off its entire funded debt, and, if this were done, the road in the last fiscal year would still have earned seventeen per cent. on its common stock, as the money now used for bond interest would belong to the stockholders.

Or, the Union Pacific could stop running the whole railroad and from its investments it could pay the yearly interest on its bonds, the four per cent. dividend on its preferred stock and about one and one-half per cent. on its common stock!

But this is not all yet. We have not touched on the equities of the Union Pacific in the earnings and assets of the Southern Pacific, of the Illinois Central, the Baltimore & Ohio and the New York Central, owing to its ownership in so large an amount of the stocks of these roads. Let us confine ourselves to a notice of the value of its equity in the Southern Pacific, because, as the Union Pacific owns very nearly one-half of the total number of shares of this company's and fully controls its policy, it could force a distribution of these equities if it wished.

The Southern Pacific Company last year, earned thirteen per cent. on its stock and paid six per cent. Had it divided up its entire surplus the Union Pacific would have received an amount equivalent to about three year cent. yearly on its own stock, in addition to the nineteen per cent. earned which it reported and out of which it paid its ten per cent. dividends.

The Southern Pacific of California, the Central Pacific and the Oregon & California (all proprietary lines of the Southern Pacific Company) own about 14,000,000 acres of land in the States through which they pass. On the basis of the prices at which these roads have sold small parts of these lands, their value figures out about 172 millions of dollars. Against this sum there is bonded indebtedness of thirty-nine millions, leaving 133 millions net. Besides this, the Southern Pacific Company has 100 million dollars' worth of securities at par, entirely outside of the stocks and bonds of its proprietary companies. Foremost among these securities is a majority of the forty millions stock of the Associated Oil Company. Taking all these shares at only half par value we get fifty millions, which added to the 133 millions above, gives 183 millions dollars' worth of assets. Nearly half of this, or about eighty-five million dollars' worth, is an equity of the Union Pacific.

The question which interests the investor is the future course of the price of Union Pacific shares. What bearing have the foregoing facts on the matter?

Union Pacific common stock is now selling on very little better than a six per cent. basis. This is quite low, as a good ten per cent. stock should sell on about a five per cent. basis, or, in the present instance, at $200 a share. An important question here arises, Will the Union Pacific security holdings be distributed to the stockholders or not? If they should be, the Southern Pacific stock would undoubtedly be retained to keep control of this road. This would leave about 150 million dollars' worth of assets to be distributed (without considering at all the Union Pacific's equity just referred to in the lands of the Southern Pacific proprietary companies). This 150 millions of assets would come to about seventy dollars on each share of Union Pacific common stock. (The Union Pacific preferred stock, according to the terms of its issue, would have no claim to these assets.) Such a distribution, did it occur, would make no difference in the

continuance of the ten per cent. dividend. It will be recollected that it was Mr. Harriman's return in the Fall of 1909 which stopped the carrying out of a plan for the distribution of these assets to the stockholders. At that time Union Pacific sold as high as $219 a share on the New York Stock Exchange. It seems certain that if any "melon" is cut, either in the shape of "rights," or of new stock in some concern formed to take over the ownership of these security holdings, or in the shape of some huge extra dividend, Union Pacific will sell beforehand as high as 250 and maybe as high as 300.

ABOUT BONDS

By Henry Dunnell, Providence, R. I.

THE money changers of old, before the evolution of the modern bank and trust company, were in the habit of loaning money at interest, requiring the borrower to give as security a bond, the chief feature of which was a *penalty* for non-payment of interest or principal. These penalties were of various sorts, an extreme instance being the traditional pound of flesh which Shylock exacted in the bond given by Antonio; but the usual penalty, and one which survived until comparatively modern times, was that in case of non-payment at maturity, the borrower should be compelled to pay twice the amount of the face of the bond. This penalty is no longer allowed by law, as the bondholder is not permitted to recover more than his principal and interest, but in the evolution of the bond, the essential characteristics remain much the same. We no longer refer to bondholders as "money changers," but they are in effect money lenders, pure and simple.

An investor usually talks of "buying" a bond. In fact he does no such thing. He purchases nothing, but on the contrary, *he loans money,* taking a bond, usually supported by a mortgage, as security. In this respect he differs essentially from the stockholder. A man who buys stock actually purchases an interest in a business and acquires a part ownership in properties, making an investment that is subject to all the ordinary risks of business. A stockholder buys a certain interest in the property, *subject to the mortgage held by the bondholders,* and a certain interest in the profits of the business, if any are left after the interest on the bonds has been paid. Thus, where a great corporation is issuing bonds, its stockholders stand in the relation of borrowers, and the bondholders in the relation of lenders.

We do not now-a-days impose a penalty requiring the borrower to pay double the face of the bond in case of non-payment at maturity, but we do require that the "sheriff's sale value" of the property mortgaged to secure the bond must show a liberal margin, usually as high as thirty to fifty per cent., above the total amount of bonded indebtedness outstanding against it. And in general it may be said that the cardinal feature of the bond is that it imposes such conditions on the borrower as insure the *safety* of the principal; or, in other words, a bond aims at absolute security as the prime consideration.

THE MORTGAGE FEATURE.

Briefly stated, bonds are mortgages "split up into small pieces," and like mortgages, they are a debt against property secured by a legal lien. A railway corporation desiring to raise $50,000,000 would find it impossible to market a single mortgage of that denomination; hence, a mortgage is executed to a trust company to secure an entire bond issue, and the bonds are then marketed in small lots; thus, the mortgage in effect is parcelled out to individual money lenders. This, briefly, is the true nature of a bond.

When a bond issue is made, the mortgage securing the bond, as stated above, is executed to and deposited with a trust company, and in case of non-payment of interest or principal, this company, acting as trustee for the bondholders, of its own accord, proceeds to foreclose the mortgage and convert the properties mortgaged to the liquidation of the bondholder's claims. The trust company tends to the collection of both interest and principal from the issuing corporation, and its payment to the bondholders.

Advantages of Bonds as an Investment.

Security is the essence of a bond, and wherever the safety of the principal is a prime consideration, bonds are preferred over all other forms of investment.

Each bond issued is numbered, and this number appears in the mortgage which is deposited with the trust company. An officer of the trust company also certifies by his signature that it is one of the bonds authorized by the mortgage. Thus each bondholder knows the total amount of the loan and knows definitely the security back of the loan.

Certainty of interest payment is the next most important feature of a bond; hence, wherever funds must be invested so as to provide an assured and definite income for some person or purpose dependent upon such income, bonds are the only investment to be considered. Certainty of interest payment is guaranteed by adequate property assets, by the fact that big corporations understand the importance of meeting obligations promptly in order to preserve their credit rating, and, by the further fact that they are dealing with a trust company whose business it is to enforce prompt payment. There is no begging for time as in the case of individual real estate mortgage loans and similar forms of investment.

Trustees and guardians always select good bonds because they *combine* security of principal and certainty of interest payment, thus enabling the guardian or trustee to discharge a double duty for which the law holds him responsible.

The investor in bonds does not incur any bother, worry or expense in connection with his investment. All legal work, all collections of interest and principal, and all other business in connection with the bondholder's investment is attended to by the trust company at the expense of the issuing corporation. For this reason bonds are a favorite investment with those desiring a steady, dependable income without any of the business details and anxieties incident to other forms of investment. The trust company does everything necessary to secure and safeguard the interests of the bondholder.

Bonds, as compared with ordinary real estate mortgage loans, for instance, have several important advantages. For example, there is always a prospect of selling a bond at a higher price than you paid for it. A steady increment in the value of the property mortgaged, or an increased confidence in the management, may at any time cause investors to bid in your bonds at a figure to net them a smaller interest return (for which they feel amply compensated by an increased security), a figure which yields you a *profit* on the price you paid for the bonds.

Again, where your money is in a single loan, there are several disadvantages which you can avoid by purchasing bonds. If you had $10,000 in a real estate mortgage loan, and you should suddenly find yourself in urgent need of $5,000 in cash, which would force you to dispose of the mortgage in the face

of unfavorable market conditions, you would sustain a loss in consequence on the entire $10,000; but if you had the same amount invested in bonds of the denomination of $1,000 each, you could sell five of the bonds to satisfy your immediate cash needs, retaining the other five pending more favorable market conditions. Where the investor owns two or more bonds he can, for purposes of sale, borrowing or distribution among his heirs, parcel them out and thus divide up his investment in any manner as convenience or profit may dictate.

Bonds enable an investor to strike a working average of security and income. Merely by way of illustration, let us assume that you have $50,000 to invest. By dividing this sum into parcels of $10,000 each, and intelligently placing $10,000 in bonds to net you two per cent., $10,000 to net three per cent., $10,000 to net four per cent., $10,000 to net five per cent., and $10,000 to net six per cent. approximately, you can strike a safe average between absolute security and attractive income.

How to Judge a Bond.

Generally speaking, there are three essential factors which mainly determine the value of a bond:

(1) *Value of the Property Mortgaged.* Ordinarily there should be a liberal margin of security, or, in other words, the "sheriff's sale value" of the property mortgaged should be substantially in excess of the total bonded indebtedness outstanding against it, to allow for shrinkage of values, expenses of liquidation, etc., in case of foreclosure.

(2) *The Income or Earnings of the Property Mortgaged.* Not only the amount of the income, but the source and nature of the income is important, as it determines the stability of the income and the probability of its being maintained without diminution.

(3) *The Responsibility, Record and Nature of the Business of the Party Creating the Mortgage.* This is important as determining the probable value of the property at maturity of the bond, and the probability of present earnings being maintained or increased so as to permit the uninterrupted payment of interest during the time the bond is current.

While these are elementary statements, they are nevertheless the fundamental principles by which a bond must be judged, and most ill-advised purchases are the result of a failure to weigh carefully one of these three factors.

Generally stated, an investor should select those bonds which, through one cause or another, such as growth of the community, increase in contiguous property values, etc., give reasonable promise of a natural *increment* in the value of the property, so that the security back of the bond has a tendency to enhance rather than to decline in value during the period intervening before the bond reaches maturity.

With these fundamentals in mind, the selection of the bond depends upon the objects which the prospective investor has in view. Thus, if his object be absolute security, the choice is limited to United States Government bonds. If reasonable security is sought, combined with something like an adequate return on the money, then a good public service corporation bond is a good choice, etc., etc., etc. And, as a general rule, *each investor must decide what degree of security is essential to him, and then seek the highest rate of interest consistent with the degree of security required.*

INHERITANCE TAXES AND SWOLLEN FORTUNES

By Professor Charles J. Bullock, Department of Economics, Harvard University

In the current widespread discussion of inheritance taxes, the point in favor of such taxes most frequently made is that they tend toward a more equable distribution of wealth. The following article is a powerful rebuttal of the idea.—[Ed.]

IN considering the proper function of the inheritance tax we are brought directly to the question whether it should be employed solely for the purpose of raising revenue, or should be used as a means of regulating the distribution of wealth. In the laws now on the statute books of the several States the controlling purpose is, clearly, to raise revenue. Upon direct inheritances the rates range usually from one to three per cent., and in no case exceed five per cent.; while upon collateral they seldom rise above six per cent. These figures are not higher than can be justified on purely financial grounds; in fact, in many States the rates are less than the experience of other countries shows that the legislature might well impose. They yield considerable revenue which can be collected with reasonable certainty, slight expense and comparatively little hardship to taxpayers. Upon estates of the largest size passing to distant heirs or strangers in blood, the tax sometimes rises to fifteen or twenty per cent.; but occasion seldom offers for the application of such high rates, and even then the limits set by sound principles of finance are not overstepped. A tax of twenty per cent. upon property in excess of $500,000 passing to unknown relatives or strangers in blood, may appear startling at first thought, yet it may be defensible from the purely fiscal point of view, and will exert little influence upon the distribution of wealth in the United States. Upon most inheritances, collateral as well as direct, we are now levying from one to five per cent. On the theory that the purpose of the laws is to raise revenue these rates can be readily understood; they are altogether ridiculous, if we assume that the purpose is to modify perceptibly the distribution of wealth.

But the proposal is now made that we should change the theory and practice of inheritance taxation in order to secure greater equality of wealth and opportunity. This has long been the view of that eminent German economist, Professor Wagner, and others of his school. In this country it has recently been projected—not to say precipitated—into the field of political discussion. The suggestion is made that existing conditions have led to the growth of enormous fortunes far exceeding any service the recipients have rendered to society; and it is urged that the time has come to levy progressive income and inheritance taxes in order to reduce these fortunes to a normal size.

What now shall be said of the main proposal? Is it desirable to employ the inheritance tax as an instrument for reducing swollen fortunes? The question assumes that there is in the United States an undue concentration of wealth and power in a few hands; and that such is the case, I should be one of the last to deny. It has long been evident to thoughtful men that enormous for-

tunes have been created through special privileges accorded by the law or wrested from the people in defiance of all law. A few years ago this statement might have needed to be supported by a bill of particulars, but to-day it will be as readily understood as if I were to refer you to facts judicially ascertained in courts of law, or brought to light by the Buréau of Corporations and Interstate Commerce Commission. Fortunately the country is thoroughly alive to the situation, and is turning to the problem with a normal earnestness which augurs well for a reasonable solution. In the alarm and righteous indignation aroused by recent disclosures it is not strange that many persons should be ready to strike at offending individuals and corporations with any weapon that may chance to be at hand. But with all respect to the high source from which the suggestion has come, I am constrained to believe that the inheritance tax is not the instrument to employ.

Getting at the Causes.

For, in the first place, a retributive inheritance tax could only remedy some of the ill effects of undue concentration of wealth, and would in no way remove the causes. In social therapeutics, as in medical, it is sound policy to aim at causes rather than effects; and this case is no exception to the rule.

If fortunes have been made by reckless or dishonest management of large corporations, the obvious remedies are, reform of our corporation laws and the cultivation of higher standards of business morals. This may be a slow and difficult task; but it is perhaps *the* issue of the hour, and beside it the taxation of inheritances pales into utter insignificance. New legislation will be needed, but the relentless enforcement of existing laws against such old-fashioned offenses as conspiracy and theft would probably go far to accomplish the desired result. Make it as dangerous to mismanage a transcontinental railway as to hold up a transcontinental express, and you will speedily reduce one class of swollen fortunes. Make it as perilous for an officer to plunder an insurance company as for a clerk to appropriate a few hundred dollars from its funds, and you will reduce another. Punish the financier who loots a street railway as you punish the hungry man who robs a bakery, and you will reach a third class of fortunes. Deal with such gentlemen in the criminal courts rather than in the probate, and you will remove causes of dissatisfaction; pursue them in the civil courts with suits for restitution, and you will return stolen goods to the rightful owners. These remedies are simple and old-fashioned; they may offer no complex problems for the amateur sociologist; but they lie directly at hand, and have a potency far exceeding all schemes for social regeneration through act of Congress.

The Just and the Unjust.

A second objection to the proposed employment of the inheritance tax is that it would pnish the just man with the unjust, and would check legitimate ambition and business enterprises. For your tax law must be impersonal, and cannot be so drawn that it will apply to "*tainted*" fortunes only. You must enact that *all* fortunes in excess of a stated sum shall be liable to a tax of ten, twenty, fifty per cent.; and thus you punish the innocent as well as the guilty. You might, indeed, proceed upon the principle that no man can honestly acquire more than one, or five, or ten million dollars; that theory is sometimes propounded by persons who desire to regulate the distribution of wealth. But in that case you would be bound logically to levy a tax of 100 per cent. upon all sums which wealthy malefactors accumulate in excess of the stated amount; otherwise you would refuse to recover for the use of all the people some portion of the property of which they had been despoiled, and would virtually connive at the transfer of stolen goods. If this theory proves more than is usually anticipated or intended, one, and only one, other may be adopted. We may proceed upon the theory that although a man may acquire honestly more than one, or ten, or

twenty million dollars, it is undesirable that he should be permitted to transmit such a sum to his heirs. Not unnaturally, this idea appeals strongly to those who believe that no small part of such swollen fortunes is likely to have been gained by methods which, if within the letter of the law, were contrary to sound morals and sound public policy. Without doubt it is upon such considerations that most advocates of confiscatory inheritance taxes would rest their case.

A Clumsy Agency.

A third objection is that taxation, even the taxation of inheritance, is usually a clumsy agency for social reform, and ordinarily accomplishes either more or less than is desired. Our present moderate taxes of from one to three per cent. upon direct inheritances are collected with considerable success, since it is found that the average man will not exert himself to escape them. He accepts them as a not unreasonable method of collecting revenue, and does not look upon the probate court as an agency for confiscating his fortune. But no experience of what wealthy men do under our present laws can justify us in concluding that they will not make every possible effort to escape a tax of twenty or thirty per cent., and no one knows how much more. For any State to collect such a tax would be substantially an impossibility, except in the case of landed property. A federal tax would not be so easy to escape, but it is certain that various methods of evasion could and would be devised.

For under modern conditions capital knows no national boundaries, and when facing a confiscatory tax is generally free to migrate. Many capitalists, too, and those the largest, whom the social reformer desires most to reach, would choose expatriation rather than surrender, even at death, one-third or one-half of their fortune. Transfers of property long before death would become exceedingly common, and these could be controlled only by a universal system of taxes on transfers, than which nothing could be a greater impediment to legitimate business. Already one hears of trust companies in States levying no inheritance taxes that find a lucrative business in the management of property subject to taxation in other States; and it is not hard to conceive of the organization of such concerns in Canada, Mexico, or elsewhere, to offer similar facilities to Americans seeking escape from confiscatory federal taxation.

The constitutional aspects of an attempt to reduce large fortunes I am compelled to pass without remarks. If they have ever been considered by advocates of the plan, they have evidently been dismissed without serious study, perhaps as trifles about which the law does not care. I am unable, also, to consider the question whether, if the rights of inheritance and bequest are to be restricted, we would not better proceed by modifying the general laws relating to the subject, rather than educate men in the belief that they possess comparative freedom of testamentary bequest, and then undertake by taxation to prevent them from exercising that right. I venture, however, to express the opinion that, if this step is ever to be taken, the simpler, surer, yes, the honester, plan is to modify the laws of inheritance and bequest. Unless we are ready to do that, let us use the inheritance tax merely for the purpose of collecting a reasonable revenue from property passing in accordance with law.

INTER-RELATION OF COMMODITY AND SECURITY PRICES

By Dr. Arthur Selwyn-Brown

PRICES of securities have acted in such an erratic manner during the past few years as to puzzle even the most expert financiers. At certain times there has been a good buying demand for high class bonds or stock exchange securities, while a little later, through changes in public sentiment, sellers were so largely in evidence that the market became glutted and depressed through the preponderance of sales. The bond markets improved in January, 1911, and imparted a favorable tone to the stock markets generally, until adverse political factors disturbed public confidence in the business outlook and unsettled prices. While security prices were acting in this manner, the prices of commodities pursued a somewhat extraordinary course.

Uniformity.

In illustrating this phase of the situation it may be stated that the average prices of the principal commodities sold in the world's largest commercial centres are indicated by index numbers covering specified groups of prices. Each important country has its own standard index number. From a study of these indexes we are able to trace the general price changes in commodities, and, of course, in living and manufacturing costs, as they occur in various countries. One of the first facts learned from a comparative study of index numbers is that commodity price movements, or variations, when taken over a period of years, are practically uniform throughout the world. A recent comparative study of the range of standard index numbers of Great Britain, Germany, France, Italy, India, Austria and Japan for the past decade clearly demonstrated this singular uniformity in movements. Wherever any marked divergences were noticeable they were invariably found to be over limited periods of time and were distinctly traceable to political, climatic or taxation changes—most of the variations from the general trend being principally due to changes in taxation. The index numbers of the United States, Germany, Austria and Japan are frequently modified by tariff changes. Every increase in customs duties is followed by pronounced and wide increases in commodity prices in the country concerned, while bad harvests or prolonged political apprehension likewise tend to effect noticeable changes in commodity prices.

Although European trade has been prosperous lately and the basic industries of the United States have been successful, there is a marked divergence in their respective index number movements. When the *Economist's* English index numbers representing changes in

European commodity prices are compared with Bradstreet's American indexes given in Table I below, it will be noticed that there is a general uniformity in the changes that occurred between January, 1904, and January, 1910. Thereafter, however, Bradstreet's index steadily declined and continues to do so, while the *Economist* index number steadily advanced. In the same period the prices of securities moved practically in unison. Two interesting questions arise here, first, what caused the marked divergence in the trend between the index numbers for Europe and that for America since January, 1910? And, secondly, what factors contribute to the interaction of commodity and security prices? A study of these questions may throw some light on the immediate outlook for the security markets and assist bankers in regulating their bond commitments.

If we survey the recent history of American commodity and security prices we will find that for several months the speculative markets have exhibited a neutral attitude which corresponds to a mixed condition in public sentiment. Taking Bradstreet's index number as indicative of American commodity price changes, it is found that in 1904 it averaged 7.4 and 8.4 in 1906, 8.01 in 1908 and 9.0 in 1910 and at present 8.7. American commodity prices advanced from 1904 to May, 1910, since then there has been a declining tendency. In Europe prices advanced between January, 1904, when the *Economist's* index number was 2,210, to May, 1907, when the number was 2,601. A decline was then experienced until March, 1909, when the index was 2,176. Since then it has advanced and at present it stands at 2,536. This is an unusually high index and shows that commodity prices are exceedingly high in Europe at the present time. We thus see that commodity prices in America and Europe advanced in unison between 1904 and 1906. Then American prices were disturbed by the panic, which destroyed security prices. When security prices advanced in 1908, commodity prices also advanced and continued to do so until April, 1910, from which date they have declined. The prices of securities moved differently to commodity prices in the short swings. Security prices commenced to advance in May, 1904, from the low figures attained in the 1903 panic. This advance was continued almost without interruption until January, 1906. There was a decline in 1906 until the middle of July. After a short interval of dullness the advance was resumed until the beginning of 1907, when a steady decline started that ended in a panic. Prices on the stock exchange recovered from the panic in 1908 and attained high figures. Another decline started after Mr. Harriman's death in August of that year and continued until July 26, 1910. The trend then changed and prices have been slowly, but steadily rising since. The average price of twenty rails and industrials in July, 1904, was $95. Prices advanced then to January, 1906, when the same stocks were selling at an average price of $138. Then they declined and in November, 1907, sold to $81.41. Another advance brought them up to $129.90 in January, 1910. They are now selling around $118.06.

We thus see that there is a wide difference in the changes in the price of securities and commodities. When taken over short periods security prices are much more variable than commodity prices.

The monthly changes in the prices of railroad and industrial stocks sold on the New York Stock Exchange since 1897 are given in Table II. The plus

TABLE I.*

	—1904— B.	—1904— E.	—1905— B.	—1905— E.	—1906— B.	—1906— E.	—1907— B.	—1907— E.	—1908— B.	—1908— E.	—1909— B.	—1909— E.	—1910— B.	—1910— E.
Jan.	7.98	2210	8.08	2124	8.32	2322	8.91	2494	8.29	2309	8.26	2196	9.23	2373
Feb.	8.09	2212	8.08	2146	8.24	2304	8.99	2521	8.12	2266	8.30	2190	9.07	2396
Mar.	8.08	2234	8.09	2153	8.23	2306	9.12	2516	7.98	2263	8.21	2176	9.11	2414
Apr.	7.96	2239	7.99	2134	8.29	2337	8.96	2549	8.06	2195	8.31	2197	9.19	2416
May	7.93	2172	7.97	2144	8.30	2372	8.93	2601	7.96	2188	8.30	2225	9.03	2411
June	7.78	2130	7.90	2163	8.32	2362	8.99	2594	7.72	2190	8.39	2240	8.91	2368
July	7.63	2118	7.91	2195	8.26	2329	9.04	2571	7.82	2190	8.45	2254	8.92	2386
Aug.	7.76	2141	8.11	2212	8.37	2341	8.93	2519	7.93	2168	8.50	2255	8.85	2407
Sept.	7.78	2148	8.27	2219	8.45	2355	9.82	2457	7.90	2200	8.59	2258	8.95	2418
Oct.	7.92	2149	8.22	2255	8.55	2456	8.85	2414	8.01	2194	8.74	2306	8.92	2453
Nov.	8.00	2181	8.20	2277	8.75	2501	8.74	2360	8.06	2198	8.96	2333	8.88	2461
Dec.	8.05	2136	8.30	2342	8.90	2499	8.52	2310	8.21	2197	9.12	2390	8.79	2513

*B denotes Bradstreet's American commodity price index; E denotes the Economist's British commodity price index. The table is taken from the writer's Weekly Statistical Review.

sign indicates that there was an average gain in prices as compared with the previous month. The O sign indicates a stationary price level and the minus sign signifies that stocks declined. The signs, as thus arranged, show no regular movements beyond a certain uniformity of advances in January, June, July, August and December each year.

When the signs in Table II for the last few years are compared with the index numbers in Table I, the contrast will again show the variable character of security prices. There is a usually marked change in security prices every two or three months, whereas, the monthly variations in the average of commodity prices is slight and the movement of commodity prices are generally slow and regular.

INTER-RELATION.

Security prices in America have been slowly advancing since last July, while commodity prices are declining. The trend of security prices has, therefore, been opposed to that of commodity prices. It will be interesting to learn whether such diverging trends are frequent. Between the years 1871 and 1895 there were eight periods of advancing prices on the New York Stock Exchange. The average duration of each of these bull periods was about tighteen months. The trend of commodity prices in these periods was downward. Between 1896 and 1909, there were four bull movements in securities when commodity prices advanced. Table III gives the principal movements of security and commodity prices, as prepared by the Wall Street Journal, for the period 1869-1910.

TABLE III.

With Falling Commodity Prices.

	Average Duration Months.
Eight bull movements, 1871 to 1895..	18.12
Nine bear movements, 1869 to 1896...	17.11

Ratio of duration of latter to those of former, 94.42 per cent.

With Rising Commodity Prices.

Four bull movements, 1896 to 1909...	27.00
One bull movement, 1877 to 1880....	42.00
Average duration of these five bull movements	.30
Three bear movements, 1899 to 1907..	14.00

Ratio of duration of latter to those of former, 46.67 per cent.

The figures in this table confirm what was said above: security prices are much more unstable than commodity prices when taken over either long or short intervals of time. The trend of prices generally when taken over long periods is always upward. But if we follow the changes in commodity prices in the period 1864-1878 we will find that the trend was downward.

Security prices also declined from 1864 to 1877. In the beginning of 1877 the market turned and prices of securities advanced until the Autumn of 1880. But commodity prices started to advance from 1878 and continued doing so until 1882. From 1882 they declined until 1897. Since that year they advanced. The decline that started a year ago is probably only temporary. American commodity prices are moving out of sympathy with those in other parts of the world at present. This is an unusual state of things and is due to special causes acting in this country. In seeking the cause we will find that American banking conditions are largely responsible.

Special Influences.

The banks lost gold to Europe in 1909-10. This weakened their lending powers. The inability of the banks to lend freely caused a contraction of commercial activities and this, in turn, resulted in the reduction of prices of foodstuffs and raw products generally; whereas the gold secured by the European banks increased their lending powers and stimulated commercial developments. Thus, the loss of gold by our banks tended to cause commodity prices to decline at home and advance in Europe. It also depressed security

Table II.

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1897	+	0	-	-	+	+	+	+	-	-	0	+
1898	+	-	-	0	+	-	0	+	-	0	+	+
1899	+	0	+	—	—	+	+	0	—	+	0	—
1900	0	0	+	—	0	—	0	0	-	+	+	+
1901	+	0	+	+	-	+	-	+	-	+	+	+
1902	-	0	+	+	-	+	+	+	-	-	-	0
1903	0	-	-	-	—	0	+	+	+	+	0	+
1904	+	+	+	0	0	+	+	+	+	+	+	0
1905	+	+	0	—	0	+	+	+	+	0	—	+
1906	+	—	+	—	+	-	+	+	0	—	+	—
1907	—	—	—	+	—	+	0	-	-	-	+	0
1908	+	-	+	+	0	—	+	+	-	+	+	+
1909	—	0	+	+	+	+	+	0	+	-	-	+
1910	—	0	—	—	+	-	-	+	+	+	—	—
1911	+	—	+									

prices. But these rapidly recovered part of the decline. The balance of trade is now in our favor and we will soon be in a position to secure the return of the gold lost two years ago. The return of that gold will, doubtless, stimulate trade again and bring about an advance in the prices of both commodities and securities. This is probably the proper explanation of the extraordinary movements in commodity prices in Europe and America in the past couple of years. They were mainly caused by factors arising in the credit marts through changes made by the shifting of gold from American to European banks.

No direct correspondence or interaction between commodity and security price movements is discoverable. Certain basic phenomena in the commercial world sometimes affect one or other price systems and at times operate on both together. We cannot, for these reasons, predict changes in trend in one set of prices by noticing changes in the trend of the other set alone.

Over a Series of Years.

A study of the movements of prices of securities and commodities over a series of years, however, indicates that commodity price movements continue sometimes downward and sometimes upward during bull and bear periods on the Stock Exchanges. When the figures in Table III are studied, it will be found that when commodity and security prices fall in the same direction, at substantially the same time, the periods of depression are intensified. In other words, the declines are usually extensive and business is seriously disturbed. But when commodities are rising against declining security prices, it is evident that general business conditions are sound and that the intrinsic values of investment securities will assert themselves and check the declining Stock Market.

This being the principal manner in which the inner-action of security and commodity prices is chiefly manifested, it follows as a matter of fact that the healthiest stock market conditions exist in periods when commodity and security prices are advancing together, or when commodity prices are declining against an advancing trend in security price movements—especially so under the conditions last mentioned. Such conditions arising after a period of severe liquidation in general business affairs almost invariably indicate the approach of favorable bond markets, and their affects are later exhibited in the demand for industrial stocks.

INDUSTRIAL PREFERRED STOCKS AS INVESTMENTS

By Louis F. Gavet, of Gavet & Porter

THERE is no doubt that a serious problem confronts the investor who must live on the income from securities. Forms of investment with which he is familiar, such as railroad bonds, mortgage loans, etc., yield a constantly decreasing return, while the cost of necessities steadily mounts. Forced, therefore, to lower their standard of living, or re-invest their principal where it will bring a higher return, too many have gone into mining speculation or business "schemes" involving a whole or partial loss of both principal and income.

It is important, therefore, for the public to broaden its knowledge of the investment field, for the additional income necessitated by the increased cost of living must be sought in securities outside the old lines.

Opportunity.

With the growth of this country and the strengthening of financial institu-

tions industries as a class are on a firmer basis than ever before; a basis that entitles them to the support of the general public through investment. There are many instances, particularly in Massachusetts, where companies are earning from two to five times their dividend requirement.

Conditions were never more favorable than now for investment in this class of securities. Not only is there a rapid and healthy expansion in business, but the money necessary to handle this increase is being sought along new lines. It is now the policy of the best companies to increase their capitalization rather than to borrow from the banks. For this reason there is opportunity to obtain investment in companies which have never before offered their stocks to the public.

In safety and stability the best industrials are on a par with any other class of investments, their yield is higher, and their market broad enough to furnish ready sale.

Conditions That Determine Value.

Industrials, however, like other investments, differ widely in merit, and by no means all are to be recommended as investments. Let us consider the basic conditions that determine their value.

(1) A staple line of business is one of the first considerations in an investment. Patented risks or novelties are liable to be seriously affected by adverse local or trade conditions, and in times of business depressions these stocks would fluctuate widely in value. The product, therefore, should be in broad, steady demand, preferably a necessity or semi-necessity for domestic or business use. In other words, the concern should be in a *standard line of business.*

(2) It is a good rule never to buy any stock the sale of which is vital to the company's success. While the proposition itself may be entirely sound, such purchases are business risks, not investments. The company should be strong financially, and the stock, if a new offering, should be issued for a legitimate purpose, such as handling increased business or retiring bond indebtedness. The concern then should have *its established capital and credit.*

(3) The ability to meet ordinary business competition and to operate at a fair commercial profit will enable a company to pay dividends through times of general depression as well as in times of prosperity, thereby insuring the investor his income regularly. Therefore, before its stock becomes an investment, a concern should have paid dividends for a term of years long enough to cover a period of adverse business conditions. It should have *an uninterrupted and long dividend record.*

(4) The executive officers should be scrutinized very carefully to make sure not only that their honesty is above suspicion, but that they are experienced and that their business records are sound. Private investors are too apt to be influenced by prejudice or personal friendship in considering this point. The last and perhaps the most important condition, therefore, is proper management.

To sum up:

The best industrial stocks are those of established concerns under proper management, with a standard line of business and a long dividend record.

Examination.

But how is it possible for an investor to assure himself that a company whose stock he is considering fills these condi-

tions? He has neither the facilities nor time to make a thorough examination, and even were he to do so, his lack of experience would inevitably lead him to overlook many facts which might vitally affect the value of a security. It is here that the specialist comes to his aid.

Everyone contemplating investment in industrials ought to consult a competent specialist who sees to it that three distinct investigations are made, each by a man expert in that particular field. That is, the company is examined on its legal, financial and industrial sides.

The Legal Examination determines whether the rights of the preferred stockholders have been safeguarded, and whether they have been given the usual advantages over the common stockholders. A preferred stock should be cumulative; that is, its dividends should be a debt and lien on the assets of the corporation. If a dividend is passed the preferred stockholders then have a legal claim against the company. In case of liquidation the preferred stock should also have a prior claim on the assets of the company.

The Financial Examination is made by a public accountant to determine two points:

1st. The quantity and quality of assets against which the preferred stock is issued.

2d. The amount of profit which the corporation is making.

The property should show a value in real assets of at least twenty-five per cent. more than the amount of preferred stock outstanding. Good will, though an important factor in the business of any concern, is not a tangible asset or one to be considered in the issue of preferred stock. It should appear only as an offset to common stock.

This audit should also show that the corporation is making enough profit to enable it to pay all dividend charges and to lay aside a surplus against a term of adverse trade conditions.

The Industrial Examination determines whether the business in which the corporation is engaged is staple enough to form the basis of a good investment It also assures that the concern is properly equipped to meet fair competition, that its plant and methods are up-to-date, and that its product is up to standard in quality.

Yield and Marketability.

It is a fair statement that any stock which meets these tests is a *safe* investment. In addition to security, however, we must consider the points of *yield* and *marketability*.

Industrial stocks of the highest grade may be purchased to net as much as six or even seven per cent. It may naturally be asked why concerns whose credit is good should be willing to pay this high price when they can borrow from the banks at a lower rate. They are very glad to do this, however, because it is worth the difference in interest to have these added funds as permanent capital rather than as loans which the banks may call at a time when it would be difficult to replace them.

Under certain conditions, it is no doubt necessary for the investor to keep *all* his money in listed stocks that may be sold at an instant's notice. There is also no question that every one should keep *part* of his funds so invested. For those, however, who live on the income from their investments the safety of their principal and the return they get from it are of more importance than immediate marketability. For these the market for good industrials is broad enough. This question of marketability, however, brings up one of the strongest arguments for dealing with an established and reputable investment house. If you buy direct from the concern which issues the stock, their reponsibility ends with the payment of dividends. They are under no obligations to provide a market for your stock should you desire to re-sell it. A responsible investment house, however, looks on its customer's interests as identical with its own, and is quite as anxious to re-sell stock as to make the original sale.

REAL ESTATE BONDS AS AN INVESTMENT

By Joseph Osler, President Fifth Avenue Bond & Mortgage Company

A CONSERVATIVE investment security that has been increasing steadily in popularity in the East, as well as in parts of the West, is the real estate bond. They have appealed particularly to that class of investors who seek the highest degree of safety and stability.

Bonds properly secured by real estate fluctuate probably less than any other class of security. Changing commercial conditions, the steady tendency to extend the supervision of State governments and particularly the national government over railroad and other corporations has naturally given rise to a feeling of uncertainty as to the basis upon which the future earnings and property of these corporations will be placed; and this feeling of uncertainty has created hesitancy concerning investments in the securities of these corporations.

The result has been that investors have sought elsewhere for a means of placing their surplus and savings; where its safety, value and earning power will be entirely unaffected by changing laws and uninfluenced by fluctuating market movements.

Such conditions they have found among the best class of real estate bonds.

There are three well known elements that effect the value and desirability of bonds—security, marketability and income. Bonds bearing simultaneously a high degree of security and ready marketability return a small yield on the investment.

Security is, of course, the first and by far the most important consideration to the person who is seeking the proper investment for his surplus or savings. To my knowledge there are no bonds which offer the same solid degree of security with as large a return as first mortgage real estate bonds.

This fact is becoming rapidly recognized by investors themselves, and the result is the growing popularity of these securities.

Smaller Denominations.

Another phase of the situation is important. Tradition and custom have placed the unit of bonds in the United States at $1,000. It has been assumed that the bond investor must be a man of means. Bankers have catered to the wealthy investor. The result has been that firms and institutions offering investment securities did not reach the host of men and women of average or small means whose surplus for invest-

ment might amount to one or a few hundred of dollars at a time.

But the financial intelligence of the average man and woman in this country has been growing steadily. Bankers and others interested in investment matters have recognized the change, with the result that high class bond securities may now be obtained in denominations of $500 and $100. Among these offering such securities are companies handling the highest grade of real estate bonds.

These realty securities may be properly considered the best type of investment for the man or woman to whom an investment is simply a means of saving. The first and most important reason is the security; the second is the rate of income.

First Mortgages Only.

In my comments concerning real estate securities I have recognized only the highest class of such securities. To the investor there is one absolutely essential element that must be investigated and considered before an investment is made in realty bonds. Only those which are an absolute first mortgage should be considered as a sound investment.

Real estate bonds are sometimes based upon a second mortgage, or they may be simply debentures, issued by a realty corporation, in which case they are merely promises to pay, and should be classed with unsecured notes.

The investor who is satisfied with only the highest degree of safety must insist that the bonds which he purchases represent a direct and absolute first mortgage lien. When real estate bonds of this class are offered, and are backed by property of value sufficiently in excess of the mortgage, they may be considered a gilt edge investment.

In New York City and other cities of the East few savings banks pay more than three or three and one-half per cent. on deposits. It is not remarkable, therefore, that first mortgage real estate bonds with a yield nearly twice as great are rapidly becoming more popular as a means of saving alone. Their increasing popularity will naturally affect their price, so that we may properly look for a steady advancement in the salable value of these securities.

THE RESPONSIBILITY OF THE INVESTMENT BANKER

By A. G. Hoyt, of N. W. Halsey & Co.

INVESTMENT banking is a serious, responsible business. An investment banker is in one sense like a merchant. He buys securities at wholesale and sells them at retail. In another sense he is a counsellor. He must offer his clients sound advice regarding their investments. He must recommend to each customer securities adapted to the particular needs of that customer.

The banker as a merchant is under the heaviest of obligations to handle goods of honest value. He may not take advantage of the principle of "Caveat emptor." Unlike most wares sold by merchants, the goods a bond dealer handles must never wear out. They must remain sound and true for ten, twenty or fifty years and at the end of their life they must be redeemed at their full face value.

The investment banker, therefore, who has a proper appreciation of the nature of his calling will make the matter of the safety of the securities he handles his chief concern. He will bring to his aid all his skill, judgment and experience, to assure himself of the soundness of the bonds he offers.

The responsibilities of the bond dealer are particularly heavy for another reason. His client frequently when buying securities relies absolutely and completely upon his recommendations. The investor has neither the time the money, the knowledge nor the experience neces-

sary to enable him to determine the value of the bonds he is buying. He is completely in the banker's hands. The dealer of the right sort will not regard lightly the obligations imposed upon him by the relation of trust which he bears to his client.

The banker *ought* to be exceedingly careful of the character of the bonds he sells. People buy of him for investment; they are not speculating and they cannot afford to lose. Many of his clients are absolutely dependent upon the income from the securities they buy for the wherewithal with which to live. If any of the securities turn out to be worthless, some of the holders may actually suffer for the necessities of life. The bond buyer does not expect to take any chances; he is a loaner of money, and all he is promised for parting with his money is the payment of the loan at maturity, with a certain specified rate of interest for the use of the money by the borrower.

So the investment banker, in investigating this matter of the safety of the bonds he offers to his clients, spends a great amount of his time and money. He brings all his skill, judgment and experience to bear on this all-important question, and if the banker is lacking in skill, if his judgment is faulty, or if his experience in his profession has been limited, disaster is almost certainly in store for him and his clients through the purchase of unsound securities.

Bonds may roughly be divided into four classes, and each class requires on the part of the banker a special method of investigation and handling. The four classes are:

(1) Municipal, (2) railroad, (3) public utility, (4) industrial.

Municipals.

Municipal bonds, in which class are included governments, are generally regarded as the highest class of securities. However, to do a comprehensive business in municipal securities requires on the part of the banker an extensive experience. In considering a municipal issue the investment banker concerns himself primarily with two considerations:

a. The character of the municipality. b. The legality of the issue.

a. In considering the character of the municipality the experience and judgment of the banker comes into play. If he has had a large amount of experience he knows intimately entire sections of the country; in addition, he investigates thoroughly each community issuing the bonds he handles; he knows the restrictions placed upon municipalities by different State laws in connection with their issuance of bonds. Some of these restrictions are conservative, whereas in other cases they are liberal. Having the benefit of a large experience, and if endowed with good judgment, the banker will be successful in handling securities only of growing and substantial communities.

b. The banker, however, must not only assure himself that the municipality offers adequate security for the loan, but must likewise assure himself that the bonds he purchases have been legally issued. In this connection he calls to his aid the services of leading lawyers who specialize in municipal law. No responsible banking firm buys an issue of municipal bonds without first securing the opinion of an attorney that the bonds were legally issued and that they are a valid obligation of the municipality putting them out.

Not long ago our firm made a bid for an issue of school bonds, that is to say, the proceeds of the bonds were to be used to build an addition to a school house in a school district. In making our bid we inserted the usual provision that our offer was subject to approval of the legality of the bonds by our attorneys. Our bid was accepted on these terms, and very shortly afterwards we sold the bonds at a substantial profit to a savings bank, our sale likewise being conditioned upon the approval of the attorneys. Sad to relate, the attorneys would not give their opinion that the bonds had been legally issued. It seems that the State law authorized the issuance of school bonds when a tax had been voted for the purpose of retiring

the bonds, which matured serially, as they should become due. Pursuant to the law a special meeting of the voters had been called to levy the tax. The statute further provided that notice of the meeting should be published in two papers, should there be two in the district, one in each week, for four weeks next preceding such meeting. In the case under consideration, it appeared that notice had been published in two papers for the four weeks, but the last notice in one of the papers had appeared ten days before the meeting. So our attorneys could not say that the bonds had legally been issued. The entire sale had to be cancelled and our firm had to forego a very satisfactory profit.

The irregularity in the proceedings authorizing the bonds had been so slight, I am convinced that had we taken them they would have been paid, principal and interest. There was, however, a remote possibility that some one, at some time, might have attacked the issue, and for that reason had we sold the bonds to our customers, we would not have fulfilled the obligations that a banking firm owes its clients.

It is true that some municipal issues require little investigation. Government bonds come in this category. It takes little investigation to prove that the United States Government bonds are safe. (We cannot say the same of the government bonds of a Central America republic.) So it may be taken for granted that the bonds of most of our largest municipalities, such as those of New York or Philadelphia, for instance, if legally issued, are safe securities. Dealing in such bonds is in a sense a kind of glorified speculation on the part of the dealer. If he buys the bonds at a time when securities are advancing, he will make money. If, however, in bidding for these bonds he pays too high a price or if the market is declining, he will lose money.

Railroad Bonds.

In dealing in railroad bonds, just as dealing in municipal bonds, the question of the safety of the issue is of all importance to the bankers, and in determining this matter of safety the banker must have skill, judgment and experience. He must know his business. The banker does not wish to handle any bonds on which in five, ten or even fifty years there may be a default in the payment of principal or interest.

The investigation however, which is undertaken in connection with railroad bonds differs from that followed in the case of municipal issues. Many railroad bonds are the obligations of great, strong corporations whose credit may be said to have been established. No one would have much fear as to the safety of a bond of the Pennsylvania Railroad, for instance. Yet, while a great many different railroad issues may be said to be so well secured that there is little likelihood of there ever being a default in the payment of the interest or principal, it is true that each issue differs in quality from every other issue. While it is perhaps not good rhetoric to use the comparative of the word "safe," it is true that while two issues may both be safe, or amply protected, the security behind one may be much greater than that behind the other. Analogy may be found in real estate mortgage loans. A man may have a piece of improved real estate worth $100,000. A mortgage of $50,000 would be perfectly safe, but a loan of only $25,000 with the same property as security, would, of course, be better. So we have an innumerable number of railroad bonds in the various markets of the country, many of them thoroughly high grade bonds, but, after all, there are as many gradations in the security as there are different issues.

The service the banker renders his customers in connection with these high grade railroad issues is to supply securities to his clients at a little lower price than other bonds of equal merit are bringing in the market.

There are many railroads which have not established a position of high credit. Some roads are too small; some may be too young or serving a slowly developing territory; some may be over-capitalized and others may not have the best of management.

It may be true, however, that some of the issues of bonds on any such roads as these may be amply secured. Because the issuing company has not a position of unquestioned credit, they may be purchased at lower prices than may the bonds of the older and stronger roads. In handling the bonds of these roads which may be said to have only mediocre credit, the banker must use especial care. His investigation of each issue must be thorough and exhaustive. The investigation in such an instance will not only include an analysis of the company's accounts, but if the banker is wise, a personal examination of the property by his expert representative. Some time ago our firm was offered about $1,500,000 bonds secured by a mortgage on a subsidiary line of a system which while enjoying a fair standing, does not command the highest credit. The amount of bonds issued against the line was low and we felt if the road did a good business; was in first-class condition and if it served a prosperous and growing section, the bonds would prove unquestionably safe. We, therefore sent our expert, who, by the way, was formerly a railroad man, out to examine the property.

The subsidiary line nearly paralleled the main line of the parent company, but served an entirely different territory. This territory, our expert found, was not well developed, nor rich either in agricultural or mineral resources. Only a small amount of freight originated on the line and as no through traffic was moved over it, the business it did was very light. Our representative found the road in poor condition. The right of way followed an old canal and the line was about as straight as the letter S. In seventeen miles he counted no less than eighty-seven curves. The ties were small and many of them were rotting away. There was practically no ballast and little ditching or drainage. The rails were light and badly worn; some had been worn down on one side, then taken up, reversed, and put down again. Our expert reported that it would not be safe to run a train over the track at a greater speed than twenty miles an hour. As a matter of fact, the few trains operated over the line did not make this speed except in short stretches. There was only one passenger train a day, each way, over the road.

Needless to say, after our investigation, we did not purchase the bonds, yet they were sold and the interest has always been promptly paid. I am glad, however, that none of them are held by any of our clients. It was only by sending a representative to make an investigation that we were able to obtain full information regarding the security. The information available in the annual reports of the parent company, in the manuals, and so forth, was of little value in this particular case.

Public Utility Bonds.

In dealing in public utility and industrial bonds, the responsibility of the banker to his clients is particularly heavy. Public utility or public service corporations are companies which supply such necessities of modern urban existence as gas for lighting and heating, electricity for lighting and power and transportation by means of surface, elevated or subway lines. Public utility bonds, as a class, rank higher than industrial bonds, because the earnings of public utility corporations are not subject to the same fluctuations from year to year, and because in years of business depression the earnings do not shrink nearly so severely as do the earnings of most industrial corporations.

When a banker handles an issue of public utility bonds, he, either alone or with associates, handles the entire issue. He becomes identified with the property and on him is the entire responsibility for the future history of the bonds. Therefore, the examination which the conscientious banker makes before he purchases an issue of public service corporation bonds is particularly thorough and exhaustive. He not only employs his own experts but calls to his aid outside engineers auditors and corporation lawyers of the highest rank.

He investigates the character of the community served, the condition and value of the property by a mortgage on which the bonds are secured the management, the adequacy of the earnings, the franchises, the question of over-capitalization, the chance of future success, the legality of the bond issue, and so forth. He studies the corporation from every point of view possible.

It is my opinion that if the public service corporation bond meets the requirements of the conservative, conscientious and successful banker, there is no other security so well adapted to the needs of the average investor.

Such bonds are safe, they yield a higher rate of interest than do other classes of bonds of equal merit, and their market history, for the past ten years at least, compares very favorably with that of railroad and municipal bonds.

Public service corporations have, as a class, grown and prospered greatly during the past decade. This has been to a considerable extent due to the rapid growth of the municipalities they have served. The recent census has demonstrated that nearly all American cities of substantial size have increased materially in population since the enumeration in 1900. The statistics of our better public service corporations show that their business has grown even more rapidly. With a more general appreciation of the merits of the right kind of corporation securities, there has developed a broader demand for them. While during the past decade there has been a decline in the prices of most high-grade railroad and municipal bonds, due probably to the fact that capital is worth more to-day than it was ten years ago, corporation bonds, since they bear the higher rate of interest now demanded by capital, sell close to the prices they brought ten or fifteen years ago. The broader demand for this class of bonds taken in connection with the growth in strength and prestige of the issuing companies has prevented them from showing the same decline in market value that has overtaken railroad and municipal bonds.

As I have said before, the responsibilities of the banker in dealing in corporation bonds are particularly heavy. As the banker usually buys an entire issue, the bonds are held exclusively by his own clients, and he must not only be convinced that the bonds are safe, but he must make a market for them as well, in order that his clients may borrow on them or convert them into cash, if they find it necessary to do so. The banker must not only assure himself that the bonds are sound when he buys them, but that they will continue safe under whatever conditions may arise. He usually keeps in touch with the property as long as the bonds are outstanding, and often by advice or moral pressure or some other influence, he is able to prevent ill-considered action on the part of the owners of the property which might prejudice the standing of the securities.

INVESTMENT AND MISCELLANEOUS SECURITIES

[Corrected to April 17, 1911.]

GOVERNMENT, STATE AND CITY BONDS.

Quoted by Rhoades & Company, Bankers, Dealers in Investment Securities, 45 Wall St., New York.

Name and Maturity.	Price.	Yield.
U. S. Gov., reg. 2s, 1930	101¼-101½	1.70
U. S. Gov., reg. 3s, 1918	102 -102½	2.60
Panama Canal, reg. 2s, 1936	100⅝-101	1.80
Dist. of Columbia 3-65s	105 -107	3.12
Alabama 4s, July, 1956	104 -104½	3.77
Colorado 4s, '22 (op. '12)	99 -100	4.00
Connecticut 3½s, Apr., '30	99 -102	3.35
Louisiana 4s, Jan., 1914	99 - 99½	4.08
Maryland 3½s, 1926	95 - 95½	3.90
Massachusetts 3½s, 1940	91½- 93	3.90
New York State 3s, '59	101¾-102¾	2.90
Tenn. New Settlement 3s, '13	97 - 97½	4.35
Va. 6s, B. B. & Co. ctfs., 1871	57½- 59	
Boston 3½s, 1929	92½- 95	3.95
New York City 4½s, 1957	108¾-109	4.07
New York City 4½s, 1917	102½-103¼	4.00
New York City 4s, 1959	99⅞-100	4.06
New York City 4s, 1955	99¼- 99¾	4.02
New York City 4¼s, 1960	104¼-104⅝	4.05
New York City 4¼s, 1930-1960	102¾-102⅞	4.05
New York State Canal 4s, 1960	105½-106	3.73
New York City 3½s, 1954	89⅛- 89⅝	4.01
New York City 3½s, 1930	91⅞- 92½	4.06

GUARANTEED STOCKS.

Quoted by W. E. Hutton & Co., Dealers in Investment Securities, 6 Broad st., New York.

(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	280	290
Allegheny & West'n (B. R. I. & P.)	135	145
Atlanta & Charlotte A. L. (So.R.R.)	180	...
Augusta & Savannah A. L. (Cen. of Ga.)	105	110
Beech Creek (N. Y. Central)	93	98
Boston & Lowell (B. & M.)	214	217
Bleecker St. & F. Ry. Co. (Met. St. Ry. Co.)	17	25
Boston & Albany (N. Y. Cen.)	218	221
Boston & Providence (Old Colony)	294	...
Broadway & 7th Av. R. R. Co. (Met. St. Ry. Co.)	124	130
Brooklyn City R. R. (Bk. H. R. R. Co.)	165	170
Camden & Burlington Co. (Penn. R. R.)	140	150
Catawissa R. R. (Phila. & Read.)	112	120
Cayuga & Susquehanna (D.L.&W.)	210	220
Cent. Pk. N.&E. R.R. (Met. St. Ry.)	10	20
Christopher & 10th St. R. R. Co. (M. S. R.)	100	120
Cleveland & Pittsburg (Pa. R. R.)	164	170
Cleveland & Pittsburg Betterment	98	100
Columbus & Xenia (Pa. R. R.)	200	215
Commercial Union (Com'l C. Co.)	100	110
Commercial Union of Me. (Com. C. Co.)	100	...
Concord & Montreal (B. & M.)	155	170
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	138	...
Conn. River (B. & M.)	269	...
Dayton & Mich. pfd. (C. H. & D.)	180	190
Delaware & Bound B. (Phila. & R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	95	100
East Pa. (Phila. & Reading)	128	138
Eighth Av. St. R. R. (M. S. R. Co.)	200	290
Elmira & Williamsport pfd. (Nor. Cen.)	142	152
Erie & Kalamazoo (J. S. & S.)	200	230
Erie & Pittsburg (Penn. R. R.)	130	135
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	130	135
Franklin Tel. Co. (West. Union)	35	50
Forty-second St. & G. St. R. R. (Met. St. Ry.)	200	220
Georgia R. R. & Bk. Co. (L. & N. & A. C. L.)	260	270
Gold & Stock Tel. Co. (W. U.)	111	118
Grand River Valley (Mich. Cent.)	118	125
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	98	...
Illinois Cen. Leased Lines (Ill. Cen.)	95	100
Jackson, Lans. & Saginaw (M. C.)	84	90
Joliet & Chicago (Chic. & Al.)	160	170
Kalamazoo, Al. & G. Rapids (L. S. & S.)	138	150
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	65	75
K. C. St. L. & C. pfd. (Chic. & Al.)	120	140
Lake Shore Special (Mich. S. & N. Ind.)	320	340
Little Miami (Penn. R. R.)	209	...
Little Schuylkill Nav. & Coal (Phil. & R.)	112	120
Louisiana & Mo. Riv. (Chic. & Atl.)	160	170
Mine Hill & Schuylkill Hav. (F. & R.)	120	126
Mobile & Birmingham pfd. 4% (So. Ry.)	68	76
Mobile & Ohio (So. Ry.)	78	80
Morris Can. pfd. (Lehigh Valley)	170	...
Morris & Essex (Del. Lack. & W.)	173	180
Nashville & Decatur (L. & N.)	180	190
N. H. & Northampton (N. Y., N. H. & H.)	100	...
N. J. Transportation Co. (Pa.R.R.)	250	255
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	115
N. Y. & Harlem (N. Y. Central)	285	300
N. Y. L. & Western (D. L. & W.)	118	125
Ninth Av. R.R. Co. (M. St. Ry. Co.)	140	190
North Carolina R. R. (So. Ry.)	150	160
North Pennsylvania (Phila. & R.)	193	...
North R. R. of N. J. (Erie R. R.)	85	95
Northwestern Telegraph (W. U.)	111	115
Nor. & Wor. pfd. (N.Y.,N.H.&H.)	208	...
Ogden Mln. R.R. (Cen.R.R.ofN.J.)	95	105
Old Colony (N. Y., N. H. & H.)	184	...
Oswego & Syracuse (D. L. & W.)	210	220
Pacific & Atlantic Tel. (W. U.)	60	70
Peoria & Bureau Val. (C.R.I.&P.)	175	185
Philadelphia & Trenton (Pa.R.R.)	248	...
Pitts. B. & L. (P. L. E. & C. Co.)	68	72
Pitts. Ft. Wayne & Chic. (Pa. R.R.)	165	169
Pitts., Ft. Wayne & Chic. special (Pa. R. R.)	155	165
Pitts. & North Adams (B. & A.)	127	134
Pitts., McW'port & Y. (P. & L. E. M. S.)	117	125
Providence & Worcester (N. Y., N. H. & H.)	260	300
Rensselaer & Saratoga (D. & H.)	195	...
Rome, Watertown & O. (N.Y.Cen.)	120	...
Rome, Watertown & O. (N.Y.Cen.)	118	120
Saratoga & Schenectady (D. & H.)	166	175
Second Av. St. R. R. (M. S. R. Co.)	10	20
Southern Atlantic Tel. (W. U.)	80	100
Sixth Av. R. R. (Met. S. R. Co.)	115	130
Southwestern R. R. (Cent. of Ga.)	100	110
Troy & Greenbush (N. Y. Cent.)	165	...
Twenty-third St. R. R. (M. S. R.)	190	220
Upper Coos (Maine Central)	135	145
Utica & Black River (Rome, W. & O.)	166	176
Utica, Chen. & Susq. (D. L. & W.)	144	155
United N. J. & Canal Co. (Pa.R.R.)	241	248
Valley of New York (D., L. & W.)	122	130
Ware R. R. (Boston & Albany)	160	...
Warren R. R. (D., L. & W.)	168	175

SHORT TERM SECURITIES.

Quoted by J. Hathaway Pope & Co.

Following are current quotations for the principal short-term railway and industrial securities. Date of maturity is given, because of the importance of those dates in computing the value of securities with so near a maturity. All notes mature on the first of the month named except where the day is otherwise specified; interest is semi-annual on all. Accrued interest should be added to price.

Name and Maturity.	Price.	Yield.
Am. Cig. 4s, "A" Mar. 15, '11	98½- 99¼	4.92
Am. Cig. 4s, "B" Mar. 15, '12	97½- 98¼	5.10
Am. Locomotive 5s, Oct., '10	99½-100½	4.25
Bethlehem Steel 6s, Nov., '14	100½-101	5.60
"Big Four" 5s, June, '11	100 -100½	4.35
B. R. & P. Equip. 4½s	99 -100½	...
Chic. & Alton 5s, Mar. 15, '13	98¾- 99¼	5.25
C. H. & D. 4s, July, '13	96½- 97½	5.05
Diamond Match 5s, July, '12	98 -100	5.00
Hudson Co. 6s, Oct., '11	98 -100	6.00
Interboro 6s, May, '11	101¼-101¾	3.92
K. C. R. & L. 6s, Sept., '12	98 - 99	6.50
Maine Central 4s, Dec., '14	98 -100	4.25
Minn. & St. Louis 5s, Feb., '11	98¼- 99½	5.58
New Orl. Term. 5s, Apr., '11	99¼-100	3.45
N. Y. C. Equip. 5s, Nov., '10	100 -101½	4.15
N. Y. C. Equip. 5s, Nov., '14	102½-103½	4.15
N. Y. C. Equip. 5s, Nov., '16	103½-104¾	4.15
N. Y. C. Equip. 5s, Nov., '19	104¾-106½	4.15
N.Y.,N.H.&H. 5s, Jan., '11	100 -100½	3.70
N.Y.,N.H.&H. 5s, Jan., '12	100⅝-101	3.93
No. American 5s, May, '12	99 -100	5.00
St. L. & S. F. 4½s, Feb., '12	96½- 98	5.60
Southern Ry. 5s, Feb., 1913	98 - 98½	5.45
Tidewater 6s, June, '13	100¾-101¼	5.35
Westinghouse 6s, Aug., '10	99¾-100½	4.25
Wood Worsted 4½s, Mar., '11	99½- ..	4.50
Western Tel. 5s, Feb., '12	99 - 99½	5.20

INACTIVE RAILROAD STOCKS.

Quoted by J. Hathaway Pope & Co.

	Bid.	Asked.
Ann Arbor, pref.	60	80
Arkansas, Oklahoma & Western	..	10
Atlanta & West Point	132	140
Atlantic Coast Line of Conn.	230	250
Buffalo & Susquehanna, pref.	10	12
Central New England	10	15
Central New England, pref.	20	27
Chicago, Burlington & Quincy	200	215
Chicago, Indianapolis & Louisville	50	60
Chicago, Ind. & Louisville, pref.	60	80
Cincinnati, Hamilton & Dayton	35	50
Cincinnati, Ham. & Dayton, pref.	65	70
Cincin., N. O. & Tex. Pac.	140	...
Cincin., N. O. & Tex. Pac., pref.	105	...
Cincinnati Northern	50	60
Cleveland, Akron & Columbus	70	84
Cleve., Cin., Chic. & St. L., pref.	92	95
Delaware	42	46
Des Moines & Ft. Dodge, pref.	35	45

EQUIPMENT BONDS.

Quoted by Blake & Reeves, Dealers in Investment Securities, 34 Pine St., New York.

(Quotations are given in basis.)

	Bid.	Asked.
Atl. Coast Line 4%, Mar., '17	4¾	4½
Buff., Roch. & Pitts. 4½%, Apr., '27	4¾	4⅝
Canadian Northern 4½%, Sept., '19	5½	5
Central of Georgia 4½%, July, '16	5	4½
Central of N. J. 4%, Apr., '13	4⅝	4¼
Ches. & Ohio 4%, Oct., '16	5	4½
Chic. & Alton 4%, June, '16	5½	5
Chic. & Alton 4½%, Nov., '18	5½	5
Chic., R. I. & Pac. 4½%, Feb., '17	5⅝	4⅞
Den. & Rio Grande 5%, Mar., '11	5¼	4¾
Del. & Hud. 4½%, July, '22	4¼	4½
Erie 4%, Dec., '11	5	5½
Erie 4%, June, '13	5½	4½
Erie 4%, Dec., '14	5	4½
Erie 4%, Dec., '19	5	4½
Erie 4%, June, '16	5	4½
N. Y. Cent. 5%, Nov., '11	4⅝	4¼
N. Y. Cent. 5%, Nov., '13	4⅜	4¼
No. West. 4%, Mar., '17	4¾	4⅜
Pennsylvania 4%, Nov., '14	4½	4¼
Seaboard Air Line 5%, June, '11	5	4⅜
So. Ry. 4½%, Series E, June, '14	5½	4⅞

NEW YORK CITY RAILWAY, GAS AND FERRY COMPANY BONDS AND STOCKS.

Quoted by S. H. P. Pell & Co., Members New York Stock Exchange, Brokers and Dealers in Investment Securities, 43 Exchange Place, New York City.

		Bid.	Asked.
Bleecker St & Ful Fy 1st 4s 1950	J&J	55	65
Bway Surf Ry 1st 5s..1924	J&J	101½	103½
Bway & 7th Av stock	....	120	130
Bway & 7th Av Con 5s.1943	J&J	101	103
Bway & 7th Av 2d 5s.1914	J&N	100	102
Col & 9th Av 1st 5s...1993	M&S	99	102
Christopher & 10th St	QJ	100	102
Dry Dk E B & Bat 5s.1932	J&D	98	100
Dry Dock E B & Bat Ctfs 5s 1914	F&A	30	40
Lex Av & Pav Fy 5s..1922	M&S	96	100
Second Av Ry stock	....	7	14½
Second Av Ry Cons 5s.1948	F&A	50	56
Sixth Av Ry stock	....	115	125
South Ferry Ry 1st 5s.1919	J&D	58	70
Union Ry 1st 5s.......1942	F&A	100	102
Westchester El Ry 5s..1943	J&J	65	75
Yonkers Ry 1st 5s.....1946	A&O	75	85
New Amst Gas Cons 5s.1927	J&J	101½	102½
Central Union Gas 5s..1927	M&S	103½	...
Equitable Gas Light 5s.1930	J&J	103½	...
N Y & E R Gas 1st 5s.1944	J&J	104	105¾
N Y & E R Gas Con 5s.1945	J&J	99	101
Northern Union Gas 5s.1927	M&N	...	...
Standard Gas Light 5s.1930	M&N	103	106
Westchester Light 5s..1950	J&D	100½	103
Brooklyn Ferry Gen 5s.1943	....	15	24
Hoboken Fy 1st mtg 5s.1946	M&N	103	107
NY & Bkn Fy 1st mt 6s.1911	J&J	90	96
NY & Hobok Fy Gen 5s.1946	J&D	96	99
NY & East River Fy	QM	20	28
10th & 23d St Ferry	A&O	30	40
10th & 23d St Fy 1st 5s.1919	J&D	58	70
Union Ferry	QJ	27	30
Union Ferry 1st 5s....1920	M&N	96	100

COAL BONDS.

Quoted by Frederick H. Hatch & Co., Dealers in Investment Securities, 30 Broad St., New York.

	Bid.	Asked.
Beech Creek C. & Coke 1st 5s, 1944	82	85
Cahaba Coal Min. Co. 1st 6s, 1922	105	...
Clearfield Bitum. Coal 1st 4s, 1940	..	85
Consolidated Indian Coal 1st Sinking Fund 5s, 1935	79	84
Continental Coal 1st 5s, 1952	92	100
Fairmount Coal 1st 5s, 1931	94	97
Kanawha & Hocking Coal & Coke 1st Sinking Funds 5s, 1951	99	101
Monongahela River Con. Coal & Coke 1st 6s, 1949	109	113
New Mexico Railway & Coal 1st & Coll. Tr. 5s, 1947	95	100

REALTY SECURITIES.

Quoted by Peabody & Co., Specialists in Real Estate Securities, 42 Broadway, New York.

	Dividend.	Bid.	Asked.
Ackerson, T. B. Co. com.	5%	200	...
Ackerson, T. B. Co. pfd.	8%	98¼	100
*Alliance Realty Co.	8% Q. Apr.	119	122
Bond & Mtg. Guar. Co.	12% Q. Feb.	247	252
City Investing Co.		60	65
City & Sub. Homes Co.	4% Jne.&D.	8¼	9
Lawyers Mortgage Co.	12% Q. Jan.	251	257
Lawyers Tit. I. & T. Co.	12% Q. Jan.	245	248
Monaton Realty & Investing Corp., com.	5%	95	110
N. Y. Mtg. & Sec. Co.	12% Q. Jan.	219	223
N. Y. R. E. Sec. Co., Conv., 1st pfd.	7%	98½	100
Realty Associate Co.	6% J. & J.	106	110
Second United Cities Realty Co., Series A. pfd., 5%		..	75
Title Guar. & Tr. Co.	20% Q. May	485	495
Am. Real Estate Co., Gold 6%		91	96
Estates of Long Beach, 6%		75	85
Greely Square Realty Co., 5%		..	88
Hotel Rector, 2d Mtg., 5%, 1919		..	90
Inter Borough Realty Co., Profit Sharing 5%		..	95
Improved Property Holding Co. of N. Y., 6%, Series A		100	104
Improved Property Holding Co. of N. Y., 6%, Series B		95	100
Mortgage Bond Co., 20 yr., 4%		88½	89½
Monaton Realty & Invest. Corp., 6%		90	95
N. Y. R. E. Sec. Co., Gold Mtg. 6%		98½	100
New York Realty Owners, Guar. 6%		92½	97½
N. Y. Central Realty Co., Gold 6%		92	96
Queensboro Corporation, Part. 5%		95	100
Underwriters Realty & Title Co., 6%		..	85

* 6% extra dividend 1910.

POWER COMPANY BONDS.

Quoted by Wm. P. Bonbright & Co., Bankers. Members of the New York Stock Exchange, 24 Broad St., New York.

	Bid.	Asked.
Guanajuato Power & El. Co. com.	32	36
Bonds, 6%, due 1932 (Int.)	..	...
Guanajuato Power & Electric Co. Pref., 6%, cumulative (ex com. stk. div.)	74	76
Arizona Power Co. bonds, 6%, due 1933	85	93
Arizona Power Co. pref.	55	60
Arizona Power Co. com.	20	24
Great Western Power Co. bonds, 5%, due 1946	84½	85½
Mobile Elec. Co. bds., 5%, due 1946	..	90
Mobile Electric Co., pref., 7%	84	90
Mobile Electric Co., com.	25	...
Amer. Power & Lt. Co., pref., 6%	81½	82½
Amer. Power & Lt. Co., com.	73	75

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 33 Wall St., New York.

	Bid.	Asked.
Adams Express	239	243
American Brass	124	127
American Chicle com.	235	...
American Chicle pref.	104	107
American Coal Products	95	98
American Express	238	240
American Gas & Electric com.	54	56
American Gas & Electric pref.	42	44
Babcock & Wilcox	100	103
Borden's Condensed Milk com.	123½	125½
Borden's Condensed Milk pref.	108	109½
Bush Terminal	98	102
Childs Restaurant Co. com.	170	177
Childs Restaurant Co. pref.	114	118
Del., Lack. & Western Coal	310	315
E. W. Bliss com.	120	125
E. W. Bliss pref.	122	130
General Motors com.	35	37
General Motors pref.	79	80½
Gray National Telautograph	6	7

	Bid.	Asked.
Hudson & Manhattan com.	14	16
International Nickel com.	190	200
International Nickel pref.	93	95
International Silver pref.	112	116
Kings Co. E. L. & P.	128	130
Otis Elevator com.	72	75
Otis Elevator pref.	100	102
Pacific Gas & Electric com.	66	69
Pacific Gas & Electric pref.	88	90
Phelps, Dodge & Co.	198	218
Pope Mfg. com.	53	58
Pope Mfg. pref.	74	79
Producers Oil	115	125
Royal Baking Powder com.	185	195
Royal Baking Powder pref.	106½	107½
Safety Car Heating & Lighting	121	123
Sen Sen Chiclet	137	142
Singer Mfg.	291	301
Standard Coupler com.	42	45
Texas & Pacific Coal	98	100
Tri-City Railway & Light com.	35	37
Tri-City Railway & Light pref.	91½	94½
U. S. Express	95	99
U. S. Motors com.	39	41
U. S. Motors pref.	79	81
Union Typewriter com.	42	44
Underwood Typewriter pref.	106	108
Underwood Typewriter com.	68	70
Virginian Railway	22	28
Wells Fargo Express	167	170
Western Pacific	17	20
Western Power com.	34	36
Western Power pref.	62	64
Worthington Pump pref.	106	110

ACTIVE BONDS.

Quoted by Swartwout & Appenzellar, Bankers, Members New York Stock Exchange, 44 Pine St., New York.

	Bid.	Asked.
Amer. Agri. Chem. 5s	101¼	102¼
Amer. Steel Foundries 4s, 1923	69	70
Amer. Steel Foundries 6s, 1935	102½	104½
Balt. & Ohio, Southwest. Div. 4½s	91	91½
Bethlehem Steel 5s	93½	94¼
Chi., Burlington & Quincy Gen. 4s	97¼	97¾
Chi., Burl. & Quincy Ill. Div. 4s	99¾	100¼
Chi., Burl. & Quincy Ill. Div. 3½s	88¼	88¾
Cin., Hamilton & Dayton 4s	98¾	99¼
Denver & Rio Grande Ref'ng 5s	91¼	92¼
Louis. & Nashville unified 4s	99	99½
Mason City & Ft. Dodge 4s	82¾	83¼

FOREIGN GOVERNMENT AND MUNICIPAL BONDS.

Reported by Zimmermann & Forshay, 9 Wall St., New York.

	Bid.	Asked.
German Govt. 2½s	93¼	94¼
German Govt. 3s	83¼	84¼
Prussian Consols 4s	102	103
Bavarian Govt. 4s	101	102
Saxony Govt. 4s	83½	84½
Hamburg Govt. 3s	82	83
City of Berlin 4s	100½	101½
City of Cologne 4s	100	101
City of Augsberg 4s	99¾	100¾
City of Munich 4s	99¾	100¾
City of Frankfurt a-M. 3½s	92½	93½
City of Vienna 4s	95½	96½
Mexican Govt. 4s	99	100
Russian Govt. 4s	91½	92½
French Rents 4s	95½	96½
British Consols 2½s	80¼	81¼

TRUST COMPANIES

Conducted by Clay Herrick

THE TRUST COMPANY BANQUET

THOSE who expected the banquet of trust company men in New York city on the evening of May 5 to be an affair of far more than usual importance were not disappointed. At the appointed hour there gathered in the banquet room of the Waldorf-Astoria more than six hundred representative trust company officials from all parts of the country, together with men of prominence representing other banking interests, and what will perhaps be known as "The first annual banquet of the trust companies of the United States" was begun.

Oliver C. Fuller of Milwaukee, president of the Trust Company Section of the American Bankers' Association, was the toastmaster. At his right sat ex-Senator Nelson W. Aldrich, chairman of the National Monetary Commission; at his left, Governor Dix of New York. Others at the toastmaster's table were: Anton G. Hodenpyl, president of the Trust Company Section in 1899; O. H. Cheney, State Superintendent of Banks; Seymour Van Santvoord, president New York State Trust Companies; John Skelton Williams, president of the Trust Company Section in 1901; Francis S. Bangs, president of the Trust Company Section in 1897; William A. Nash, F. H. Fries, A. Barton Hepburn, president New York Clearing House; George M. Reynolds, Edwin S. Marston, Rt. Rev. David H. Greer, D.D.; Governor Aram I. Pothier, of Rhode Island; Major-General Frederick D. Grant, U. S. A.; E. B. Vreeland, vice-chairman National Monetary Commission; George F. Baker, F. O. Watts, president American Bankers' Association; Lee McClung, Treasurer of United States; Lawrence L. Gillespie,

FIRST ANNUAL BANQUET TRUST COMPANIES OF THE UNITED STATES, HELD EVENING OF MAY 5 AT THE WALDORF-ASTORIA

Frank A. Vanderlip, Breckinridge Jones, president Trust Company Section 1898 and 1903; H. P. McIntosh, president Trust Company Section in 1909; William G. Mather, president Trust Company Section 1900; Festus J. Wade, president Trust Company Section 1906; Clark Williams, former State Bank Superintendent of New York; Luther W. Mott, president New York State Bankers' Association.

The speakers included Toastmaster Fuller, Governor Dix, F. O. Watts, president of the American Bankers' Association; A. Barton Hepburn, president of the New York Clearing House, and ex-Senator Aldrich.

Mr. Fuller spoke of the heterogeneity of the trust companies of twenty years ago, of the changes which have taken place, of the progress made in bringing about more uniformity in the character of trust companies in the several states, and of the important place which these institutions now occupy. He told of the general feeling that some sort of a "standardization" of trust companies is desirable, but showed that opinion is not settled as to whether this can best be accomplished by the nationalization of trust companies, as proposed in the Aldrich "Reserve Association of America" plan, or through changes in the State laws.

Particular interest centered in what Mr. Aldrich had to say regarding the place of the trust company in the Reserve Association, and in Mr. Hepburn's remarks concerning the admission of trust companies to the New York Clearing House.

Mr. Hepburn's Address.

Mr. Hepburn spoke of the different classes of banking institutions in some foreign countries, and traced the history of the movement for the extension of clearing-house privileges in New York to the trust companies. After mentioning the national and State banks of discount and the savings banks, he spoke of the rise of trust companies as follows:

In addition, there was a demand for a class of institutions, strong by reason of their financial resources, strong also by reason of the character of their management, which could assume and exercise trusts of various characters, secure in their corporate life, whose business would be free from the confusion and possible delays attending the death of a personal trustee.

Banking pure and simple was to an extent a necessary incident to the administration of such trusts. It was found, also, that with the growing wealth of the community, a large class of individuals, barred by law from our savings banks, possessed funds upon which it was necessary they should realize more or less income, although advisable that the same should be subject to check available for use if need be.

From this source, and others which it is unnecessary to mention in this presence, the volume of trust company business grew, and grew out of all proportion to the business of the banks, and largely at the expense of the banks, and up to the time that legislation imposed upon trust companies reasonable reserve requirements, they enjoyed a decided advantage in competition.

Coming down to what more nearly concerns us, we are all agreed that commercial banking should be confined to liquid assets, not alone good credit, but also easily convertible by reason of a due date in the near future. We know from uniform experience that the most bankable, most available and most valuable assets are those that have presently maturing due dates, to meet which the business community are striving and struggling, in order to protect their credit and preserve their financial standing. In a country rich as ours, there is a leisure class, having large amounts of money which they desire to have at command, the accounts representing which are necessarily less active, and being so would be equally protected by a less percentage of reserve as compared with the active checking accounts of a current business. Generally speaking, trust company depositors receive compensation for their accounts in the form of interest, with no implied borrowing equity, whereas active commercial accounts as a rule receive no interest, but there is an implied obligation on the part of the bank to extend credit to the customer in proportion to the value of the account.

Trust companies supply a public demand and command the very great prominence they now enjoy, in response to a public demand, and banking in its ordinary form is to a greater or less extent an indispensable adjunct to their business.

I think we are all agreed that they have come to stay. Because of the very great dimensions they have obtained, co-ordination and co-operation with other banking institutions in metropolitan centres seem very desirable. A lack of co-ordination and co-operation on the part of banking

institutions may be attended by untoward results.

He traced briefly the attitude of the trust companies of New York city in the crises of 1893 and 1903, and coming to the crisis of 1907, said:

Under the circumstances, in 1907 it was feared that the right of the clearing house to speak for the banking power of the city might be questioned; it was deemed wise to put J. P. Morgan & Co. to the front and all parties and all interests rally behind that firm. The great personal prestige of Mr. Morgan, as well as the commanding influence of his banking house would command public confidence and no one would question that the united banking power of the town was behind him.

The trust companies had no organization; their presidents were convened at Mr. Morgan's library and an agreement reached, whereby they should and did take charge of the situation so far as it related to trust companies. A committee, composed of the late Edward King, E. S. Marston, John I. Waterbury, J. N. Wallace and others, was appointed, who did good work. The Secretary of the Treasury furnished $10,000,000 additional currency to be used in meeting the run upon certain trust companies and the trust companies, through the clearing-house banks where they kept accounts, had whatever credit in the form of clearing-house certificates that they required. The situation was most embarrasing at the start and remained so until all banking institutions were brought into harmonious co-operation. Had the strong trust companies been members of the clearing house, the situation would have been handled through the clearing house, as similar situations have been handled in the past and as similar situations should be handled in the future.

He spoke also of the position of the savings banks, and of the need of co-operation on their part also. Continuing, he said:

The trust companies—the newer ones—have incurred much criticism for buying away the business of banks by bidding high rates of interest on deposits and low rates or no charge for collections. This charge is true and is equally true as applied to some of the newer banks, both State and National. Mr. Choate, in one of his New England dinner speeches, said the New Englander's advice to his son is, "First get on, then get honor, then get honest." It seems to be the rule of new banking institutions to struggle to acquire a volume of business, cost what it may, and then to solidify the same and put it on a conservative paying basis.

Now the practices I have described are just as objectionable to conservative trust companies as to conservative banks, and if all conservative institutions are brought together in one organization it will be much easier to control and prevent such practices. As matters now stand, we have not been able to control or prevent such practices. Is it not wise to get together for this reason and see if combined action will not enable us to provide a remedy? This is not an attempt on the part of the banks to obtain control of trust companies, any more than it is an attempt of the trust companies to control the banks. It is a getting together on an even keel for a common purpose of mutual interest and advantage.

Mr. Hepburn called attention to the fact that two of our three central reserve cities—Chicago and St. Louis—already admit trust companies to their clearing-house. Referring to the situation in New York, and in particular to the question of reserves, he showed that in 1909 the average cash reserve in the vaults of New York trust companies was 13.1 per cent., and in the vaults of the clearing-house banks, 15.1 per cent.; in 1910, the average for trust companies was 13.4 per cent., and for the banks, 10.8 per cent. He concluded, therefore, that the present proposition of fifteen per cent. cash and ten per cent. balances in bank involves no radical departure from the actual practice of the last two years. He showed that without the inclusion of the figures of trust companies the New York Clearing-House statement does not give an adequate idea of the banking power of the city, and called attention to the fact that the statement was relied upon by Europeans in their estimates, and closed with an appeal for concerted and harmonious action.

Mr. Aldrich's Address.

As was expected, ex-Senator Aldrich devoted a considerable part of his speech to an explanation of the relation of trust companies to the proposed "Reserve Association." He spoke at some length of the general features of the plan, and coming to the subject of trust companies said:

It will hardly be necessary for me, in this presence, to enter upon a lengthy discussion of the reasons which have led to the

SOUVENIR IN BRONZE OF TRUST COMPANIES' BANQUET

REVERSE

phenomenal growth and the financial success of trust companies as compared with national or State banks. The causes of this greater prosperity are apparent. They are to be found largely in the changes which have taken place in the character of the business of trust companies from the earlier days, changes which are familiar to every student of the subject. Many, perhaps most of the trust companies of to-day, in addition to their important trust business, do, in effect, the same business as commercial banks of discount and deposit, receiving demand and time deposits and, in many instances, saving deposits. There are, in many cases, practically no limitation on the character of their investments. They purchase and hold stock and other securities in any corporation. Some of them, directly or indirectly, undertake the promotion and underwriting of industrial and other enterprises.

The much wider range of profitable business which trust companies are authorized to transact, together with the fact that in many cases the legal provisions with reference to the character and extent of their reserves are much more liberal, has given these institutions much greater advantages and privileges than are now accorded by law to national banks. I do not make this statement as an adverse criticism upon the general character of the business done by properly managed trust companies. The tendency all over the world is to concentrate under a single control all forms of legitimate banking functions. In this country there is a strong feeling on the part of many that we should so liberalize our laws with reference to national banks that they should be authorized to transact all classes of business which are now carried on by trust companies

In discussing the relations which trust companies should have to the plan for monetary reform which I have suggested, I will say that while the inclusion of State banks and trust companies in the membership of the Reserve Association may not be absolutely necessary for the substantial success of the plan, it is, however, of the utmost importance, from a broad public standpoint, as well as for the safety and welfare of the banks themselves that there should be a complete unification in one comprehensive system of all our banking institutions. If co-operation is desirable within the limited sphere of 7,000 national banks, it is much more desirable that the 18,000 State banks and trust companies should be included in any plan for concerted action or joint responsibility.

The general public is equally interested in an attempt to secure the solvency and efficiency of all financial corporations, whether created by national or State authority.

To find a method by which co-operation and unification of all the banking institutions of the country can be secured is to me a problem of greater perplexity than any other involved in the construction of a practical scheme for monetary reform. We assume that the participation of a bank in any scheme—and I use the word "bank" in its generic sense to include national and

State banks and trust companies—must be the result of purely voluntary action on its part. Each individual bank of all classes must be satisfied that the interests of its stockholders and customers, as well as considerations of public policy, lead it to become a member of the general co-operative association proposed. There must be no threats or anything which looks like duress upon nonassenting banks of any class.

All Banks Should Come In.

Assuming, then, that a reserve association is to be formed of the character and for the purposes that I have outlined, and assuming also that it is desirable to include within its membership all the banks of the country, I have naturally been led to consider various methods by which this result could be accomplished. Among the various plans considered have been, first, one by which we should so liberalize the charters of national banks that they would be authorized to do all the classes of legitimate business which are now done by any banking institution, with the expectation that there would be a general surrender of State charters for the purpose of organization under national authority. This would involve either allowing national banks to have a savings department, with segregation of assets and authority to receive savings and other time deposits, and with provisions regulating the character of investments and amount of reserves to be held, along the lines of the savings bank legislation of Massachusetts and New York; and another department which should do substantially the same business which is now done by trust companies, subject, of course, to proper limitations and restrictions, or a similar plan, with a similar purpose, which would authorize the creation of two new classes of national banks, with distinctive names and characters, one of which should do the business of the character now carried on by State banks and savings banks, and the other class the business which is now transacted by trust companies.

After the most careful consideration of these several questions, which mean the gradual elimination of banking corporations acting under State charter, I have reached the conclusion that, in view of the diverse interests involved and the many grave objections which have been urged from every quarter, the obstacles in the way of the adoption of either of these plans are insuperable.

It is undoubtedly true that some of the provisions of law with reference to the functions of national banks should be modified to secure a reasonable enlargement of their powers and privileges in some directions, but I am satisfied that it is wholly impracticable to attempt any radical modification of the functions of national banks or the creation of any new classes of national banks for the purpose of supplanting or taking the place of institutions now operating under State charters. However desirable it might be from a theoretical standpoint to have all financial institutions acting under a national charter, subject only to national regulation or control, we are bound, in considering practical plans for legislation to recognize conditions as they exist. There is no disposition on the part of the Monetary Commission to overlook or underrate the importance to the public of 18,000 banking institutions which have grown up under the laws of the various States and which are satisfactorily serving communities in every section of the country. I am convinced that the interests of the public and of the existing State institutions alike require that some means should be devised by which all classes should be permitted to participate upon some reasonable terms in the advantages and to share in the responsibilities of ownership and management of the association. How this can be accomplished in a manner which shall be fair to and answer the reasonable demands of all participating banks, without trespassing upon the rights and privileges of any, is the serious question that confronts us. If we concede that these State institutions are to be admitted to membership in the Reserve Association, to take part in its organization and to share in its advantages and privileges with national banks, their admission must be, of course, upon the terms and conditions and under limitations to be fixed by national legislation. I am not prepared to say at this moment what those terms and conditions should be. It seems, to me, however, that there are certain conditions precedent to admission to and retention of rights of membership which are indispensable. Among these are: First, that any participating trust company or other State institution must assent to the same examination and investigation of its condition by examiners appointed under national authority that is required of a national bank.

Second: That it should assent to the same terms with reference to the character and frequency of its statements of condition that are required of a national bank.

Third: That it must conform to reasonable requirements to be fixed by national law as to character and extent of reserves to be held as against its demand or other liabilities.

Co-operative Legislation Needed.

It is of the utmost importance in this connection that its deposit in the Reserve Association should be considered a part of its legal reserve. This latter provision, of course, would require co-operative legislation on the part of State Legislatures before it could become operative. I can see no reason, however, why States should not be willing to permit these institutions to hold

a portion of their legal cash reserves in the National Reserve Association.

It is important from my standpoint for reasons I have stated and to secure the greatest measure of the success of the plan which I have submitted, that we should have the sympathy and participation of the trust companies of the United States, with their $800,000,000 of capital and surplus and their vast and rapidly increasing resources. I trust, however, that you will pardon me if I suggest in this connection that every financial institution which appeals to the community for confidence will be likely to seek membership in the Reserve Association because of the character and strength of the resources of the organization, its guarantees of safety, its advantages of support and assistance in time of need, and the prestige which must follow its successful operation.

I am anxious that the State banks and the trust companies of the country should appoint representative committees to confer with the National Monetary Commission, in order that the recommendations of the Commission to Congress on this subject should be reasonable, and, if possible, satisfactory to all parties. The Currency Commission of the American Bankers' Association has already appointed a sub-committee to consider this subject, and I believe their report will soon be made public.

CHICAGO TRUST COMPANIES

THE Western Trust & Savings Bank of Chicago has recently issued an interesting chart showing the combined capital and surplus and the deposits of all Chicago banking institutions each year from 1896 to 1910 inclusive, together with a list of mergers of such institutions. The chart furnishes the figures from which some very interesting light is thrown upon the increase of Chicago's banking power and upon the relative growth of the different kinds of banks in that city.

In 1896, Chicago had twenty-five national banks, with aggregate capital and surplus of $33,889,643.74, and aggregate deposits of $110,106,710.74. In 1910, the number of its national banks was decreased to fourteen, while their combined capital and surplus amounted to $71,578,373.78, and their combined deposits to $412,648,161.76.

Chicago's trust companies in 1896 numbered eleven, with total capital and

	Capital and Surplus.	Deposits.
Central Trust Company of Illinois	$2,938,613.31	$17,024,240.25
Chicago Savings Bank & Trust Company	612,943.52	4,619,239.27
Colonial Trust & Savings Bank	1,059,366.49	5,130,104.75
Continental & Commercial Trust & Savings Bank	3,585,829.84	14,901,380.63
Drovers Trust & Savings Bank	323,962.50	2,455,817.92
First Trust & Savings Bank	5,665,065.60	47,033,007.77
Harris Trust & Savings Bank	2,758,147.46	9,476,224.38
Hibernian Banking Association	2,481,665.28	24,595,938.08
Illinois Trust & Savings Bank	13,609,825.40	85,709,065.00
Kenwood Trust & Savings Bank	261,963.48	1,504,204.09
Lakeview Trust & Savings Bank	252,692.87	1,317,419.95
Metropolitan Trust & Savings Bank	976,782.53	4,460,552.13
Merchants Loan & Trust Company	9,055,340.69	52,354,449.13
Michigan Avenue Trust Company	255,810.10	112,348.48
Northern Trust Company	3,882,904.20	29,887,254.37
Northwestern Trust & Savings Bank	269,039.78	2,319,630.61
Pullman Trust & Savings Bank	533,906.07	4,084,278.50
Sheridan Trust & Savings Bank	221,529.90	502,661.04
Standard Trust & Savings Bank	1,274,463.43	1,411,604.44
State Bank of Chicago	3,282,613.68	22,989,551.68
Stockmen's Trust & Savings Bank	239,003.41	1,077,677.58
Union Trust Company	2,361,139.86	15,918,913.98
West Side Trust & Savings Bank	319,050.14	3,525,559.48
Western Trust & Savings Bank	1,406,307.81	10,418,319.90
Woodlawn Trust & Savings Bank	256,122.18	1,179,368.33
Total twenty-five companies	$57,883,389.23	$364,008,811.74

surplus of $16,109,292.29, and total deposits of $65,784,421.77. In 1910, their number had increased to twenty-five, with aggregate capital and surplus of $57,883,389.23, and aggregate deposits of $364,008,811.74.

The city had eight State banks in 1896, with total capital and surplus of $4,575,656.19, and total deposits of $9,386,996.49. In 1910, these had increased in number to seventeen, with aggregate capital and surplus of $6,-817,489.43, and aggregate deposits of $44,985,408.04.

During these years, therefore, the city's national banks decreased in number by eleven, and gained in capital and surplus $37,688,730.04, or 111 per cent., and in deposits $302,541,451.02, or 275 per cent. The trust companies gained fourteen in number, $41,774,-096.94, or 259 per cent., in capital and surplus, and $298,224,389.97, or 453 per cent., in deposits. The State banks increased nine in number, $2,241,-833.24, or forty-nine per cent., in capital and surplus, and $35,598,411.55, or 379 per cent., in deposits. The increase for all three classes of banks was twelve in number, $81,704,660.22, or 150 per cent., in capital and surplus, and $636,364,252.54, or 343 per cent., in deposits.

The relatively large gains of the trust companies are evident. Their combined capital and surplus increased about $4,000,000 more than that of the national banks, while the percentage of such increase was 259 per cent., as against 111 per cent. for the national banks. In deposits their increase was about $4,000,000 less than that of the national banks, but the percentage of increase was 453, as against 275; and if the present rate of gain continues, it is manifestly a matter of only a short time before the trust companies of Chicago will hold the greatest amount of deposits of any class of banks there.

In the above figures we have included as trust companies the Hibernian Banking Association and the State Bank of Chicago. These act as trust companies, although their names do not indicate the fact, the laws of Illinois permitting banks to qualify as trust companies. There are also several of the smaller banks which are really trust companies. Had they been so treated in the above figures, the showing of the trust companies would have been slightly bettered.

The table shown on page 779 gives a list of the trust companies of Chicago, with the figures for 1910, as shown on the chart.

TRUST COMPANIES IN BOSTON

A STATEMENT issued in April by the Boston Clearing House shows the relative standing of the national banks and the trust companies of that city in April, 1911, as compared with 1897. The latter date was selected because of the fact that in 1898 there began an extensive liquidation of national banks in Boston, which materially reduced their number.

The figures given are as follows:—

NATIONAL BANKS.

	1897. 59 Banks.	1911. 23 Banks.	Increase.
Capital	$51,850,000	$23,800,000	*$28,050,000
Surplus	20,963,000	30,725,000	9,762,000
Deposits	202,711,000	275,248,000	72,537,000

*Decrease.

TRUST COMPANIES.

	1897. 14 Companies.	1911. 19 Companies.	Increase.
Capital	$7,850,000	$12,250,000	$4,400,000
Surplus	6,457,000	28,249,000	21,792,000
Deposits	64,978,000	201,923,000	136,945,000

A comparison of the figures shows a remarkable gain for the trust companies. While the national banks lost fifty-four per cent. in aggregate capital, the trust companies gained fifty-six per cent. The former showed an increase of thirty-six per cent. in deposits, and the latter an increase of 210 per cent. The amount of gain in deposits for the trust companies was $64,000,000 more than that for the national banks.

EARNINGS IN NEW YORK

AGAZAR KESHISHIAN recently published in the New York Commercial an interesting study of the earnings, book values and dividends of New York trust companies for the years 1909 and 1910. The figures show that 1910 was a much less profitable year for trust companies in New York than 1909. In 1909 the average earnings on capital were 30.75 per cent.; while for 1910 they were 14.31 per cent.

The table shows in a striking way the difference between earnings upon nominal capital, and those upon the actual capital employed, *i. e.*, the combined capital and surplus. The earnings upon the latter averaged 8.71 per cent. in 1909, and 3.9 per cent. in 1910. One company—the Central—showed earnings upon capital of 146 per cent. in 1909 and fifty-four per cent. in 1910. Based, however, upon combined capital and surplus, the earnings were 21.6 per cent. and 8.5 per cent., respectively.

Based upon the capital actually employed, the totals from the table show that for the two years the companies' average earnings were 6.3 per cent.

The following figures taken from the table show the earnings of the several companies for the two years upon capital and upon capital and surplus:

	Percentage Earned on—			
	Capital.		Capital and Surplus.	
	1909	1910	1909	1910
Astor	28.04	16.06	19.61	10.02
Bankers'	85.06	30.28	30.30	9.83
Broadway	6.65	6.53	4.23	4.03
Central	146.14	53.84	21.60	8.50
Columbia	30.97	23.01	13.40	9.05
Commercial	*4.90	*16.87	*3.03	*10.75
Commonwealth	12.59	*15.26	5.05	*5.82
Empire	16.73	14.86	8.27	7.08
Equitable	23.25	24.83	5.02	5.31
Farmers' L. & T. Company	48.86	*58.36	6.08	*7.17
Fidelity	12.13	13.28	5.57	5.96
Fulton	8.42	4.54	3.11	1.69
Guaranty	63.42	80.67	13.03	16.95
Guardian	*6.96	5.00	*3.33	2.46
Hudson	11.31	6.63	4.86	2.82
Knickerbocker	44.86	15.65	23.08	5.75
Lawyers' T. I. & T. Company	21.00	12.29	8.53	4.83
Lincoln	12.14	2.54	8.46	1.63
Manhattan	16.27	*9.67	4.80	*2.82
Mercantile	41.01	31.21	9.03	6.70
Metropolitan	30.63	12.16	6.12	2.40
Mutual Alliance	2.15	6.53	1.41	4.24
N. Y. L. Ins. & Trust Company	51.77	22.44	10.13	4.33
New York	18.56	35.34	10.78	7.57
Savoy	5.83	4.92	5.43	4.35
Standard	17.51	3.27	7.15	1.31
Title Guaranty & Trust Company	48.60	36.00	15.97	10.82
Trust Company of America	12.67	14.40	3.04	3.43
Union	43.82	17.11	4.75	1.86
U. S. Mortgage & Trust Company	30.46	25.18	9.75	7.90
United States	65.40	52.60	8.48	6.68
Washington	27.01	8.42	7.66	2.32
Windsor	13.66	*7.08	9.36	*4.62

*Loss.

SAFE DEPOSIT

A GROWING SAFE DEPOSIT COMPANY, POSSESSING THE ADVANTAGES OF SUPERIOR LOCATION AND MODERN EQUIPMENT

THE corner of Broadway, Ann street and Park row figures prominently in the history of old New York. For many years the site of Barnum's Museum and subsequently of the Herald Building, it is now occupied by the St. Paul Building,

ENTRANCE AND MAIN CORRIDOR TO SAFE DEPOSIT VAULT

in which the Colonial Safe Deposit Company have their handsomely equipped offices and vaults.

Located three doors from the Fulton street subway station, one block from the Hudson Tubes, two blocks from the Sixth Avenue Elevated, two blocks from the Brooklyn Bridge and Third Avenue Elevated, the flood tide of travel and traffic converge and blend to make this probably the busiest corner in New York City. As convenience of location is an important factor for the success of a safe deposit company, it can be readily seen that this makes an incomparable site for a business of this character

Since its organization in 1897 the business of the Colonial Safe Deposit Company has steadily and consistently developed. Two years ago it was necessary to install additional boxes, which increased the vault capacity twenty-five per cent.

The offices may be reached by an elevator running down from the lobby of the St. Paul Building, or by a short flight of stone steps leading downward. They are sumptuously furnished and fitted in mahogany, and are ventilated by the most approved methods. Not only has every attention been paid to providing every facility for the comfort and convenience of the individual patron, but the needs of the corporate boxholder have been considered as well. Provided for their use is a large room, as shown in photographic reproduction, which is especially adapted to board meetings or other meetings of a confidential nature.

The storage rooms are completely inclosed in heavy laminated steel grille work, even the solid masonry of the building containing the bars.

It is in the vault, however, that the main interest centers. It is made of welded chrome steel, the outer cladding having all its joints rabbeted with each other, so that there are no direct joints where the plates and angles abut each other.

There are two doors weighing eight tons each. The joints of the doors are highly polished and finished and are fitted, making an air tight joint exclusive of the packing, which also prevents the introduction of water or liquid explosives. The outer door is made solid, no holes penetrating it. The massive bolts which shoot in all directions are operated by an actuating device, which, in turn, is controlled by a four-movement time lock, so that it would be necessary for all four movements to break down to cause a lock out, and a further provision is made so that if the bolt of either set should break down, it can be opened from the inside of the vault after entrance through the other door.

There are also inner doors with massive bolt work, with all joints as closely fitted as the outer doors, and the bolt work is checked by two combination locks. The vault and its supports are independent of the building, so that the building of itself could be torn down and leave the vault standing intact. The vault is so arranged that an inspection can be made of all parts

VIEW OF OUTER OFFICES, SHOWING ENTRANCE AT LEFT TO VAULT AND COUPON ROOMS

LARGE ROOM FOR PATRONS, ESPECIALLY ADAPTED FOR MEETINGS OF A CONFIDENTIAL NATURE

at any time. It is protected by electricity, so that an attempt at penetration in any part would immediately sound an alarm in the office of the Burglar Alarm Company.

The officers of the company are: Oakleigh Thorne, president; Carleton Bunce, vice-president; George V. Drew, secretary and treasurer.

WHY INSURE AGAINST ANYTHING THAT NEVER HAPPENS?

VIEWS OF A PACIFIC COAST BANKER ON VAULT CONSTRUCTION

Readers of THE BANKERS MAGAZINE *will readily recall an article written by Frederick S. Holmes, an acknowledged expert on steel vault work, that was published in the April issue.*

Mr. Holmes in describing the backward state of the art of vault building and the reasons therefor, dealt with the practical problems of size, thickness and cost that come to the attention of every bank ordering equipment.

It was not expected that his opinions would be questioned, but nevertheless we have received some good-natured criticisms from a Pacific Coast banker, which it is our pleasure to publish, as well as Mr. Holmes' reply.

If there are others of our readers who would like to enter this discussion they are cordially invited to express their sentiments. —[*Editor.*]

THE letter received read as follows:

"This is a subject that is of great interest to all bankers. However, I do not agree with all that Mr. Holmes says. It is positively ridiculous to note to what extent banks will allow themselves to be persuaded by vault manufacturers and even vault engineers in the preparation of vault specifications. It is my firm belief that if it were left entirely to the manufacturers, without a halt being called by the banks, in the not distant future we would be constructing vaults with entrance doors of twenty-foot thickness instead of twenty inches. It is up to the banker to fix the limit.

"Even Mr. Holmes says that 'not once during the past twenty-five years have burglars so much as attempted an attack on any vault that could even pretend to a fair amount of resisting qualities,' and yet he goes right along and advocates even more formidable equipment. I ask why insure against anything that never happens? The average bank man has no technical knowledge of these things, although some are using some good horse-sense in purchasing their vaults."

THE UNION TRUST & SAVINGS BANK OF SPOKANE IS A FIRM BELIEVER IN ADVERTISING. THIS IS A REPRODUCTION FROM A POSTAL CARD IN COLORS, RECENTLY SENT OUT TO FRIENDS AND PROSPECTIVE PATRONS

To this Mr. Holmes replies as follows: "It is probably true that vault manufacturers would sell excessively heavy work if conditions permitted, because large tonnage means greater profits; but cut-throat competition, and limited appropriations have always acted as a deterrent to such an extent that mostly all work in existence is both too light in construction and of mediocre design.

"The few examples of heavy work that have resulted from the broader view of the situation by the banker and intelligent design by the engineer, are none too strong to provide proper resistance against organized attack with up-to-date appliances. This statement is readily susceptible of a practical demonstration, and is not the expression of a mere opinion. 'Even more formidable equipment' recommended in my article does not refer to any construction better than the best that is being built. Experiments have demonstrated that this class of work is sufficiently strong for the times, but that anything materially less is neither burglar nor mob proof.

"The question, 'Why insure against anything that never happens?' would be a poser were it not for the fact that just as soon as it has been demonstrated that the same appliances and methods of operation that are in successful and almost daily (or nightly) use against *so-called burglar-proof safes*, would be equally successful if applied to most vaults, they will be turned against *these vaults* with equally disastrous results.

"Just why attempts upon vaults have not been made, is rather difficult to explain, except perhaps upon the ground that the work

that is burglarized appears easier, when as a matter of fact much of it is not. In any event, so long as criminals exist and so long as they are willing to take chances of imprisonment, and even to murder for the opportunity of stealing money, receptacles affording real physical resistance must be relied upon for protection.

"The knowledge, possession and use of modern appliances for operating against such constructions are not confined to honest men; neither are such appliances in the nature of a specialty, but are widely used in the arts and manufactures. The yegg-man has no difficulty in procuring dynamite and nitro-glycerin; he can also readily steal appliances for producing high thermic conditions, such as the commercial 'cutter-burner,' and with a little study and the exercise of ingenuity, he can overcome all except the most extraordinary supplementary guards, such as exterior grille work, electric protection devices, watchmen, etc., and when he learns, as he is bound to sooner or later, that his rewards behind the vault door are far greater than those to which he has been accustomed, while the risk and difficulties of access are not measurably increased, his attention will be turned in that direction.

"Rest assured that the immunity that has been enjoyed by the banker is in no ways due to the real strength of the work that is relied upon by the large majority of them.

"It is more than probable that there is a general belief in the real strength of their work by most bankers; I have heard the remark a great many times: 'Our vault has protected our millions for twenty, thirty, or forty years, and we have great pride in it.' That appears to be an almost universal state of mind among bankers, and it seems strange in view of the fact that nearly all of the work mentioned would not resist a burglar more than a few minutes; it simply has happened that no attack has been made.

"My appeal is against such conditions, which, from the viewpoint of real protection, are intolerable, and I believe when the facts are properly presented, that bankers in general will acknowledge the weakness of present work, and do their part to remedy it before the general public, whose funds are now so largely at the mercy of the burglar, becomes fully aware of this state of affairs."

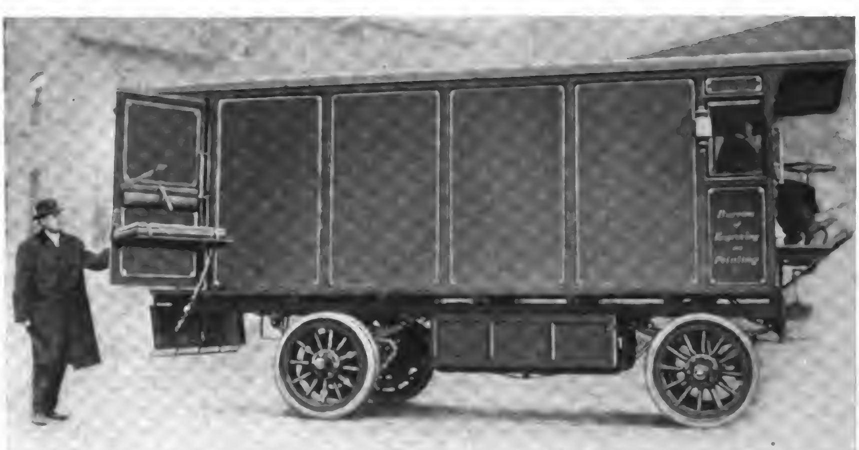
TRANSPORTING MILLIONS UNDER GUARD*

UNCLE SAM has just put in commission a huge fort on wheels which is used daily to transport millions in bank notes from the Bureau of Engraving and Printing to the Treasury Department, where it is stored for safekeeping.

Not only is the big van nearly bomb-proof in itself, but just to make sure that neither thieves nor cranks will ever succeed in accomplishing a holdup, seven heavily armed guards ride to and fro with the treasure of millions. The van is made of hardened steel, with heavy locks and bars. Four of the guards occupy seats on the rear of the wagon, two sit on the seat with the driver, while another follows on horseback. The guards are all former members of the United States army.

All this extra precaution is due to the change in the system of making money. Until recently the money was printed at

* By courtesy Popular Mechanics Magazine.



A HUGE FORT ON WHEELS FOR UNCLE SAM'S USE

the Bureau of Engraving and Printing, but sent to the treasury minus the seal and number so that it was not real money until handled in the treasury. Now one machine does all the work, including the stamping of the seal and number. These figures, the round seal to the right and the number to the left of the face of a paper bill, stamped in blue, are what make the bills legal tender. Hence, when the money passes through the wonderful cutting and stamping machine, which also counts the bills out in lots of 100, it is ready to spend, and anyone who got hold of it would have the real thing.

The van now carries daily to the treasury $7,000,000 in bank notes, certificates and stamps. Of this amount $3,000,000 is in silver certificates, $2,000,000 in national bank notes, $1,500,000 in postage stamps, and $500,000 in internal-revenue stamps. Returning to the bureau from the treasury, the van carries blank paper for the notes and stamps.

Last year $12,000,000,000 in stamps and $3,000,000,000 in certificates were transported from the bureau to the treasury without the loss of one stamp or certificate.

"This is a remarkable record," said Director Ralph, "but there is no telling when the unforeseen may happen. This guard should have been organized years ago."

AMERICAN INSTITUTE OF BANKING A FORCE FOR COUNTRY'S BUSINESS

By George R. Martin, of The Seattle National Bank, Chairman Educational Committee, Seattle Chapter

THE American Bankers' Association made the American Institute of Banking necessary when it arrived at the realization that the profession of banking had reached the highest standard in business ethics, which would have to be maintained. Banking had passed beyond the mere stage of trade and barter to a profession, equal in greatness of its power and influence with the professions of law, medicine and divinity, greater than either as an economic necessity and stronger than either as a guiding force back of the enterprise and development of the world.

The tremendous advances of commercial life during the last twenty-five years, by means of mergers, consolidations and counter consolidations, built up within the cities the present giant financial institutions. It is a story replete with the history of dollars, their issue, flow, exchange; the story of the sources of wealth, from whence it came and by what methods it is produced; the history of the ever-varying trade conditions, the markets and the expansions and contractions of credit.

NARROWED THE EMPLOYEE.

Complex and intricate became the business of banking and specialization, and overspecialization was the result. The conditions created afforded little chance to the average bankman for gaining much information about banking outside of his own particular department. Not only was the bankman unable to acquire an adequate conception or any useful knowledge of the banking business, but he was dwarfed by monotony and routine to an indifference to bank work and to life, keenly felt by the large banks of the country.

At the 1900 convention of the American Bankers' Association, held at Richmond, Va., the young, progressive, energetic bankers in attendance urged that some action be taken toward improving the bankman's condition. It was an appeal made to one of the most powerful organizations in this country, representing 90 per cent. of the banks in the United States. The response was the passage of a resolution authorizing the educational committee to organize the American Institute of Bank Clerks, which was afterwards changed to the American Institute of Banking. And the foundation was laid for a towering structure, which upon its inception caught the spirit of the men who prompted it—education, brotherhood and fraternity.

MEN BEHIND FINANCIAL GUNS.

The American Institute of Banking is composed of seventy chapters in all the large cities of this country and Canada. Its membership includes over 10,000 men—the men behind the financial guns of an empire, with $11,432,000,000 for their ammunition, for these dollars are the aggregate deposits of all the banks represented in this remarkable organization; a membership representing the best and highest in American citizenship.

This means that honesty and efficiency must be the sentry word of the bankman and that determination and endurance must mark his way. These are the credentials which make good a citizen; credentials which keep him alive to every issue, civic, financial, moral, political—which keep him ready for every opportunity, every duty. This is the type which is to-day predominant in the chapters of the American Institute of Banking. Such must always be the type, if the institute is to continue to be active in the

best movements for civic and moral as well as financial progress.

EDUCATION IS BASIC PRINCIPLE.

The underlying principle of the institute is education. The study courses cover not only practical banking, but political economy, commercial and banking law and negotiable instruments and other subjects of vital importance to the banking business. For the bankman to devote his leisure hours to study, he must be a man of will and industry. The hours of the bankmen to-day are long—in most cases equal to those of men in any other line of endeavor, and are of a much more confining nature.

Most of the chapters have permanent club rooms and hold monthly or bi-monthly meetings, at which some prominent banker, educator or professional man addresses the chapter. Debates and discussions are important features of the meetings, including parliamentary drills and practice in public speaking and dramatics. The whole field of banking education is brought to the bankman, practically without cost, by a system of correspondence and classroom instruction, lectures and personal research. Its one purpose is to broaden the bankman, to increase his efficiency, to enlarge his vision of life and to keep him interested in his bank work and world affairs, that he may bring to the administration of banking affairs of tomorrow the same potent ability, completeness and energy which mark the administration of banking affairs to-day.

JUSTIFIES ITS EXISTENCE.

The American Institute of Banking in the eleven years of its existence has met the expectations of the bankers who founded it, and was made a "section" of the American Bankers' Association at the latter's Denver convention—an integral part of that great organization. The chairman of the executive committee of the institute is now a member of the executive committee of the parent organization and the official publication of each has been merged into one comprehensive banking journal, The American Bankers' Journal and the Bulletin of the American Insitute of Banking. the spokesman for the whole banking fraternity, but especially addressed to the junior members. Statistics show that 80 per cent. of the promotions to official positions in the banks of the chapter cities have come from the ranks of the active chapter men. One of the first questions asked to-day of a bankman, seeking a position in an Eastern bank is, "Are you a member of the American Institute of Banking?" It stamps him a progressive—indicates the extent of his acquaintance among bankers and bankmen. and announces his willingness to make the most of his opportunities.

The signs of the times point to large things. The world demands of the men who would measure their success in life above the average that they contribute a part of themselves to solving the entangling social and economic problems which confront it; that they take a broader view of life and interest themselves, not merely in their own business or profession, but in the big, wide questions of the day. There will always be the passive man, the pessimistic and the recluse to bemoan every situation and cry out against progress, but the American Institute of Banking is breeding active, live men, and the banking interests of the nation and the people at large will feel the beneficent influence as its work continues.

1911 BANKERS' CONVENTION CALENDAR

SOUTH DAKOTA—June 7 and 8, Sioux Falls; Secretary, J. E. Platt, Clark City.

GEORGIA—June 8 and 9, Tybee Island; Secretary, L. P. Hillyer, Macon.

PENNSYLVANIA—June 13 and 14, Philadelphia; Secretary, D. S. Kloss, Tyrone.

CALIFORNIA—June 15-17, Lake Tahoe; Secretary, R. M. Welch, San Francisco.

VIRGINIA—June 15, 16 and 17, Hot Springs; Secretary, N. P. Gatling, Lynchburg.

IOWA—June 15 and 16, Mason City; Secretary, P. W. Hall, Des Moines.

MINNESOTA—June 20, Bemidji; Secretary, Charles R. Frost, Minneapolis.

MARYLAND—June 20, 21 and 22, Deer Park; Secretary, Charles Hann, Baltimore.

NORTH CAROLINA—June 21, 22, 23, Lake Kanuga; Secretary, William A. Hunt, Henderson.

NEW YORK STATE—June 22 and 23, Manhattan Beach; Secretary, William J. Henry, New York.

NORTH DAKOTA—June 27 and 28, Fargo; Secretary, W. C. MacFadden, Fargo.

OHIO—July 5, 6 and 7, Cedar Point; Secretary, S. B. Rankin, South Charleston.

WISCONSIN—July 12 and 13, Milwaukee; Secretary, George D. Bartlett, Milwaukee.

AMERICAN INSTITUTE OF BANKING—September 7 and 9, Rochester, N. Y.; Secretary, George E. Allen, N. Y.

ILLINOIS—October, Springfield; Secretary, R. L. Crampton, Chicago.

FOREIGN BANKING AND FINANCE

EUROPEAN

LONDON AND SOUTHWESTERN BANK, LTD.

MANY interesting particulars regarding the growth of the London and Southwestern Bank, Ltd., are given in a recent issue of the London "Bankers' Magazine." This bank has lately remodelled its building at 170 Fenchurch street, the structure now presenting a very handsome and substantial appearance, as may be seen from the illustration presented herewith.

The whole of the front of the new building is of Portland stone, with granite base. It is interesting to mention, that in the course of the excavations in connection with reconstructing the building a fine old Roman wall was discovered at a depth of some sixteen feet below the street surface. It was left intact and constitutes a part of the foundation of the building.

The new building not only provides well arranged and modern quarters for the conduct of all departments of banking, including strong-rooms equipped by Milner's Limited, the well-known safe-makers, but the top floor has been entirely devoted to a restaurant for the use of the bank's staff.

Developing from a purely suburban character, the business of the London and Southwestern Bank has gradually come to enforce all phases of banking, the city business having been enlarged by the addition of a number of branches. This bank was one of the first in London to establish a special department for dealing with documentary foreign business so that customers can make transactions of this character with their own bank instead of having recourse to purely foreign houses. As a result of this policy, the London and Southwestern Bank has greatly extended its con-

LONDON AND SOUTHWESTERN BANK, LTD. HEAD OFFICE

nections with the Continental of Europe and with Canada and the United States. This bank also undertakes to act as executor and trustee, maintaining a department for this purpose. As this is a function but

H. H. HAMBLING, ESQ.

NEW GENERAL MANAGER LONDON AND SOUTHWESTERN BANK, LTD.

recently conferred on the joint-stock banks, and is one usually exercised in the United States by trust companies, it may be interesting to mention that the plan lately devised by the Chairman of the National Monetary Commission proposes that national banks be authorized to exercise certain trust company powers.

In 1866 the capital of the London and Southwestern Bank was £200,000 and the reserve (surplus) £16,500. Both these items have steadily increased until 1905, when the sum of £1,000,000 was reached by each account, where the figures have since remained. From £444,465, the current accounts and deposits have grown steadily to £16,435,708 last year. For many years the dividend rate has been maintained at sixteen per cent. The profits earned, and the growth indicated by the figures given, are an evidence that the bank has been ca-

pably managed. Mr. Henry Herbert Hambling is the general manager and Mr. Frederick Straker his chief assistant.

THE DEUTSCHE BANK

REFERRING to the annual report of this bank, "The Statist" (London), says:

We invite the attention of our readers to-day to the report of the Deutsche Bank for the year 1910. The report is of great interest, because it helps us to understand the processes by which Germany is attaining the extraordinary economic position she occupies at present. For it will be recollected that the Deutsche Bank holds a place apart amongst the banks of the world. It was founded in 1871, the year after the war between France and Germany, so that it is just forty years old now. In those forty years it has spread itself out over the world in a manner quite unlike any other institution.

The Credit Lyonnais will, no doubt, immediately occur to the minds of many readers. But the Credit Lyonnais is a bank in the ordinary French sense of the word, whereas the Deutsche Bank is not only a bank in the Continental sense, but it is a great institution for engaging German capital in new enterprise abroad. It has branches over the greater part of the world. And where it does not work itself it has founded affiliated institutions, either directly or in conjunction with other German banks, or with foreign banks or syndicates, institutions which are exploiting foreign countries for the benefit of German trade, and thereby securing continuously for Germany highly important orders.

It is matter of common notoriety how it is pushing German trade in the Far East and in South America. How it is exploiting Turkey is still better known. The Baghdad Railway, for example, which at Potsdam was one of the matters that engaged the attention of the Kaiser and the Czar and their attendant Ministers, and which now is the subject of negotiations both between its promoters, backed by the German Government, and the Turkish Government, and between the Turkish Government and the British Government, the reader need hardly be told, is one of the many great politico-economic enterprises of the Deutsche Bank. Again, the Deutsche Bank, as is well known, has for a great number of years been largely interested in the Northern Pacific Railway of the United States.

It is unnecessary to refer to other reasons why the report of this bank is of special interest. We shall therefore only say that the share capital amounts to ten millions sterling, and for the past year it has declared a dividend on this capital of twelve and one-half per cent., being at the same

rate as the year before and the year before that again.

To give some idea of the magnitude of the business done we set out here some of the principal items. It will be understood that we do not give the complete balance sheet. Cash in hand, £6,951,130; bills discounted, £31,070,035; Contangoes and loans to Stock Exchange, £16,827,633; syndicate participations, £1,973,759; holdings in allied interests, £3,525,601; debtors (covered), £24,851,617; debtors (uncovered), £5,072,733; advances on goods, of which £6,026,533 is covered by bills of lading, £9,238,040; deposits, £27,912,858; creditors, £48,819,225; cheques outstanding, £746,848; acceptances (head office), £3,716,-268; acceptances (branches) £9,319,347. These figures bring out clearly not only the magnitude of the business done, but its great variety and the marked difference between the kind of business done and that which is performed by English banks.

INVESTMENT OF GERMAN CAPITAL IN FOREIGN SECURITIES

EVIDENTLY the recent hostile attitude of the German Government toward investing German capital in foreign securities is not shared by the Deutsche Bank, whose recent annual report says:

The capital wealth of Germany of course is not yet as great as that of Great Britain and France, but the German national income only ranks in Europe after that of the former country, and the savings have reached a figure which the former generation did not venture to think of. The deposits with German savings banks have increased eightfold since 1875, amounting now to between fifteen and sixteen milliards of marks. The German stock market is absorbing new securities at the rate of more than three milliard marks per annum, of which ten per cent. to twenty per cent. are foreign. These foreign investments have become a necessity for the German political economy. They frequently serve, especially in times of high rates of exchange, for equalizing the German trade balance. Notwithstanding some regrettable losses which German capital has suffered more than twenty years ago through the non-fulfilment of obligations entered into by foreign governments, the average result of German investments in foreign securities has been an exceedingly pleasant one, and has increased the German national fortune by many hundreds of millions.

NOTE CIRCULATION IN ENGLAND

COMMENTING on this subject, the London "Bankers' Magazine" says:

We may estimate the increase in the number of bank offices opened since the year 1872 with the number of the offices of the banks which had the use of a note issue then but have lost it since, as being more than 4,900. Thus there are more than 4,900 bank offices now in England and Wales which may require Bank of England notes as "till money," and did not do so in 1872.

It is difficult to estimate the amount of Bank of England notes held in these bank offices, but it is probable that a large part of the increase in the circulation of the notes of the Bank of England since 1872 is accounted for thus. It would be very useful that the banks of England and Wales should state in their balance-sheets the amount of Bank of England notes which they hold. They now inform the Deputy Master of the Mint of the amount of gold they hold on one day in the year. Similar information as to Bank of England notes held would also be very useful.

It is probable that the circulating medium in England and Wales, in notes and in gold, does not increase, even if it is not gradually

diminishing. So far as the notes are concerned, there has clearly been a diminution.

Note circulation of the Bank of England in 1872	25,525,000 lbs.
English country note circulation in 1872	5,100,000 lbs.
	30,625,000 lbs.
Note circulation of the Bank of England in 1910, say	28,233,000 lbs.
English country note circulation in 1910, say	191,000 lbs.
	28,424,000 lbs.

Thus the total note circulation of England and Wales stands at £2,199,000 lower than it was in 1872. In this estimate the whole circulation of the Bank of England and of the English country banks is regarded as taking place in England and Wales.

There has been an increase in the note circulation in Scotland since 1872, and a decrease in Ireland. The particulars are as follows:

Scotch note circulation, average for 1872	5,332,000 lbs.
Scotch note circulation, average for 1910	6,964,000 lbs.
More in 1910	1,632,000 lbs.
Irish note circulation, average for 1872	7,674,000 lbs.
Irish note circulation, average for 1910	7,225,000 lbs.
Less in 1910	449,000 lbs.

These figures show a decrease in the note circulation in the United Kingdom of £1,016,000 within the last thirty-six years. The details being thus:

Decrease in England and Wales	2,199,000 lbs.
Decrease in Ireland	449,000 lbs.
	2,648,000 lbs.
Increase in Scotland	1,632,000 lbs.
Total Decrease	1,016,000 lbs.

LATEST LONDON BANKING AMALGAMATION

EARLY in April it was announced in London that the old-established business of Hill & Sons (founded in 1825) would be amalgamated with one of the leading English banks—Lloyds. This operation marks another step forward in the matter of the banking business of the country becoming more and more centered in a comparatively small number of large institutions, through the process of the latter absorbing and swallowing up their smaller and less robust brethren who ofttimes find it difficult to withstand the influence of the greater facilities offered by the leading banks. The class of private banking firm to which the business of Hill & Sons belongs, is rapidly becoming eliminated through the carrying out of mergers with larger banks, but was at one time fairly large in the locality in which Hill & Sons operated. Such institutions have been established for very many years, the business done being mainly with those engaged in the meat and cattle industry. This is seen from the fact that of the bank's offices, all but one or two were situated in meat or cattle markets. The firm being a private one, no figures are available as to the volume of its deposits, etc., but the size of the absorbing bank may be gathered from the fact that at the date of the last half-yearly balance sheet, December 31, 1910, its deposit and current accounts stood at well over £78,000,000, while bills accepted or endorsed came to about eight and one-quarter millions sterling. The authorized capital is over twenty-six millions sterling, of which more than four millions has been paid up, while the reserve fund stands at three millions. Cash in hand and at the Bank of England in December last totalled over fourteen millions sterling, while money at call and short notice came to nearly five and one-half millions, in addition to which the institution held bills of exchange aggregating about eight and three-quarters millions sterling, and investments of nearly twelve millions sterling.

JAPAN

YOKOHOMA SPECIE BANK

AT the half-yearly ordinary general meeting of the shareholders of this bank, held at the head office in Yokohama March 10, the directors presented a report which showed gross profits for the past half-year, including 1,173,177.22 yen brought forward from last account, amounting to 10,691,922.34 yen, of which 7,814,132.42 yen were deducted for interest, taxes, current expenses, rebate on bills current, bad and doubtful debts, bonus for officers and clerks, etc., leaving a balance of 2,877,789.92 yen for appropriation. Of this sum 250,000 yen was added to the reserve fund, and 1,440,000 yen applied to paying a dividend at the rate of twelve per cent. per annum, leaving a balance of 1,187,789.92 yen to be carried forward to next account.

At an extraordinary general meeting of the shareholders, held on the date above mentioned, it was decided that the capital of the bank shall be increased by 24,000,000 yen, thus raising it to 48,000,000 yen.

CANADA

PRAISE FOR CANADIAN BANKING SYSTEM

IN a recent number of the London "Bankers Magazine" W. R. Lawson writes as follows of Canada's banking system:

"Of all the Canadian ideals lately developed, none has come so near realizing itself as the banking system. None is, therefore, better worth studying at the present moment. The future of the Dominion depends more on it than on almost any other Canadian institution. Parliaments may do a great deal of harm, but they can do comparatively little good. Tariffs may come and go, they may swing from one extreme of free trade to the opposite extreme of protection. But the banks must steer a straight course and sail as near as possible on an even keel. A blind outcry for banking reform, such as they are always having in the United States, is presumptive proof, not only that banking reform is needed, but that the whole banking system must be on wrong lines. In Canada there is never any such blind outcry. Most of the reforms demanded are only in matters of detail.

Canada has indeed been fortunate in its banking legislation. This has been eminently practical, also eminently reasonable, and always adapted to the special circumstances of the country. Theorists and faddists have had very little to do with it. Except, perhaps, in the old provincial days, there have never been rival banking schools in Canada. All parties have had a common desire to get what seemed best for the immediate purpose. Canadian bankers have had a greater voice in making banking laws than those of any other country. They have been frankly consulted as to every change, and their practical suggestions have always been welcomed, both by the Government and the Legislature. They, on their side, have kept a sharp lookout for operating defects, and have generally got them remedied before they could do much harm.

A good understanding between the Legislature and the banks has invariably prevailed. It has, as a rule, been reasonable in its demands, and they have always done their best to comply with them. Trade interests, too, have been at all times honestly considered. Banking facilities have been provided for every possible branch of trade, new or old, and for all classes of service, private and commercial. Per contra there are few redundancies and no out-of-date machinery in the system. Few banking laws are so frequently and carefully revised as those of the Dominion, and the revision is invariably done with a single eye to efficiency.

Scotland, which gets the credit for nearly all the good features in modern banking, is supposed to have supplied the model for the Canadian banks, but there is little warrant for that legend. It would be more correct to say that Scotland had supplied

Canada with the best of its pioneer bankers. These gentlemen took out with them, no doubt, large amounts of Scottish experience and practical wisdom which were usefully applied to Canadian conditions. But very little was copied either from the Scottish or any other banking system. In the earliest experiments a good deal of attention was paid to English theories and methods, but when it was found that they did not suit Canadian circumstances they were gradually dropped. The banking system as it exists to-day is to a large extent home-grown—very few banking systems more so. Through nearly a century of development it has been shaped and moulded and modified to suit the needs of its creators. That circumstance renders its history peculiarly interesting and instructive both to bankers and to currency experts.

LATIN AMERICA

THE REPUBLIC OF BOLIVIA*

By W. D. Boyce

BOLIVIA is a representative democracy. Its president is elected for four years by the direct vote of the electors, and he is ineligible for the succeeding term. The vice-presidents are elected at the same time as the president, and they never have any revolutions in the country. The president has five members in his cabinet and the congress consists of senators and a chamber of deputies.

Bolivia is a country of all climates; wholly in the tropics, altitude rather than latitude determines its climatic conditions. At an altitude of 15,000 to 17,500 feet continued habitation is impossible, but there are three livable zones in Bolivia: The hot, tropical zone, from sea level to 3,000 feet above; the temperate zone, from 3,000 to 8,000 feet, and the cold zone, from 8,000 to 14,000 feet.

The currency of the country is on a gold basis, the legal unit of value being the silver Boliviano of 100 centavos, weighing twenty-five grams, equal to about 40 cents in our money. (All quotations I make are in United States standard money.) Bolivia is in a sound way, financially, and this is due in greater part to the fact that it has no navy and only a small standing army to support. Until recently it had no debt, but now it has a small one; however, this debt is well within the limits of the country's resources.

Foreign Trade.

The total amount of foreign trade in 1909 amounted to $37,477,500, and of this amount $14,775,976 were imports and $22,701,524 were exports, showing a good balance of trade in favor of the republic. Bolivia depends mostly upon her mineral wealth, which is widely distributed and very rich. Its copper, tin and bismuth mines are among the richest in the world, while it has given to the civilized world more silver than any other country. The principal silver mines are near Potosi, and these mines have yielded since the middle of the Sixteenth Century silver in excess of $1,500,000,000. Tin is a very important product, and a legitimate get-rich-quick article to the lucky finder, as an instance of which, a native who had been working for $25 a month recently discovered a great tin mine and is now exporting $300,000 worth of tin a month.

Rubber is also an important export of the country, and like many other exports from Bolivia is credited to a neighboring republic. Bolivian rubber which goes down the Amazon to Para, and is shipped from there to the United States is practically all credited by us to Brazil.

Three-quarters of the fertile land in Bolivia is uncultivated. The eastern part of the country is particularly rich and land

*From the Saturday Blade of Chicago.

may be bought from the government in this section for four cents the hectare (two and one-half acres). The most primitive methods are employed in cultivation, and the natives often steal the plates that connect the rails on the railroad to make ploughshares. A large area of the republic is suitable to the growing of wheat, but as yet this branch of agriculture has been given little attention. Cattle, sheep and llamas are abundant, and rice, coffee and cocoa are grown in large quantities. The vast forests of Bolivia are full of sarsaparilla, cinnamon, camphor, vanilla, dyewood, mahogany, ebony, rosewood, satinwood, cedar and cinchona (quinine) trees.

Ignored by British Government.

Thirty years ago Bolivia was "not on the map." It happened this way: The English minister demanded an apology from the president of Bolivia for what he considered an insult to himself and family, and should have received one, but the only answer he got was his "papers" and an escort to the boundary line. The jolt to his pride, and the discourtesy to his country was more than he could stand quietly, so he expressed himself very emphatically to the officer in charge of the guard, who proceeded to impose new and additional disgrace by placing the minister on a mule, with his face toward the mule's tail, and in that way escorted him through the streets of La Paz.

The British government decided that Bolivia was beneath her notice, so no demand was made for an apology or satisfaction of any kind. All it did was to paint out the republic of Bolivia on the map of South America, and when requested to send another minister or diplomatic representative replied: "We find no such country as Bolivia on our map." The United States minister represented the British subjects there for many years, and it was only recently—since English capital has been invested largely in railroads and Bolivian bonds—that the British government has sent a representative.

The U. S. Representative.

The United States minister to Bolivia is the Hon. Horace G. Knowles, of Delaware, who represented Uncle Sam in the Balkans during the Turkish rebellion. He is one of the most cultured and intellectual men in our diplomatic service, and has made a splendid record in handling our country's affairs with other nations. Mr. and Mrs. Knowles stand first in the diplomatic circles here, and Mr. Knowles' reception by the Bolivian government was the most elaborate and hospitable ever given a representative of a foreign country. His presentation address referred to the Monroe doctrine and he placed that important policy before Bolivia and all South America in its right light; to be slangy, he made an "immediate hit," and he has been quoted as an authority on the interpretation of the Monroe doctrine in all the South American papers. We are proud of him because he is a newspaper man, and a broad-minded, capable person in the right place—but decidedly underpaid.

It is a question how long the United States can hold such able men as Mr. Knowles and other men of his class in the diplomatic service at "starvation wages." An American away from the United States should feel perfectly free to go to our representatives for information and aid, and feel that our country is paying for it; but when you know that Uncle Sam isn't paying our diplomatic representatives what is equal to decent house rent, you feel that any call upon their services is an imposition.

There are millions of dollars of American capital invested in Bolivia and other countries of South America and there are questions arising every day that require diplomacy in their adjudication, for a most trivial matter, if not settled amicably may be the germ that will grow into a cause for war. The people of foreign countries must, to a certain extent, judge the United States by the appearance we put up, in comparison with other nations. We are the wealthiest nation in the world, but our standing is poor abroad, and what standing

we have is gained by our wealthy, patriotic representatives going into their own pockets to maintain it. So long as I own a newspaper, or can "push a pencil," or talk to a Congressman, I will advocate better pay, better conditions, and the ownership of the homes for our representatives—the homes to be built of United States material and furnished with the products of United States manufactories. Also vaults built in them where all the legation's private papers, records and copies may be kept permanently, and not carted through the streets every time the minister moves.

GOVERNMENT SUPPORT OF RAILROADS.

It was not England's discovery that Bolivia was again "on the map" that put her there, it was the building of three railroads from three ports on the Pacific and a contract to connect with a rail head in Argentina, which ties the inland capital and republic with the Atlantic Ocean, 2,000 miles away, by rail. All of these roads are aided by the Bolivian government, either by guarantee of bonds or cash subsidy and large land grants.

LaPaz has always been referred to as the most inaccessible city in the world, with the possible exception of the city of Tibet, China. Fifteen years ago an English engineer after wandering around South America for several years in the employ of a French company looking up "good things," landed in LaPaz, and stayed there. He has done for LaPaz and Bolivia what Henry Meiggs, an American, did for Peru—I now refer to Mr. J. Pierce-Hope. He was employed by the Bolivian government and put in charge of the public works, and now LaPaz is one of the best-built and most sanitary cities of South America, and is now connected, in all directions, with the outside world.

Regarding the three railroads connecting with the Pacific, the first is the Mollendo-LaPaz route, via Lake Titicaca, which is 600 miles in length. The second is from Antofagasta to LaPaz, 700 miles, all rail; and the third is the Arrica-LaPaz, 400 miles in length, which will soon be finished. This last route has the disadvantage of thirty miles of "cog" road over a mountain pass 16,000 feet high, and will be very expensive to operate.

The government of Bolivia released to Brazil for $10,000,000 a strip of territory next to Brazil, and this money is being invested in building about 200 miles of railroad around the Madeira Rapids. Part of this road has been opened to traffic, and when completed it will connect Bolivia with the Amazon, giving another outlet to the Atlantic Ocean. No country in the world is doing more to "be on the map" than Bolivia, and with her great area—third in size in South America—and great variety of products, she must be reckoned with very seriously in the future.

BANKS TO BE KNOWN BY NUMBERS

THE Executive Council of the American Bankers' Association has approved the suggestion of the clearing-house committee to number every bank in the United States. The object is to facilitate the work of banks in forwarding checks. Each bank will be requested to print its number on its checks.

BANKING PUBLICITY

Conducted by T. D. MacGregor

INTERESTING THE CHILDREN

HOW SOME BANKS ARE APPEALING TO PARENTS THROUGH THE CHILDREN

WE are in receipt of a letter from W. B. Nichols, president of the First National Bank of Dinuba, Cal., in regard to a plan for interesting parents through their children. He writes:

> I am sending you under another cover, copy of The Alta Advocate of March 31st, containing a write-up of an Ad. Writing contest, also copy of the issue of the April 4th containing our ad. regarding it.
>
> I would like to know what you think of the scheme. My idea is that the children will take this into their homes and talk it over with their parents and in that way will get them interested with us, and, furthermore the boys of to-day will be the business men to tomorrow and the quicker we can get in touch with them the more apt we will be to retain them when they are in business for themselves.

The advertisement referred to, which occupied a space of six inches across seven columns, is reproduced herewith. The news item regarding the contest was as follows:

> There promises to be a general skirmish all along the line among the school children to become writers of advertisements and Dinuba is likely to turn our a number of experts in that particular field.
>
> The fact that the First National Bank has decided to show an interest in educational affairs by offering to school pupils a cash gold prize for the best advertisement written will have a tendency to fairly flood that financial institution with advertising matter that will set the head of President Nichols to buzzing and maybe cause him to wish he had never endorsed the move. In an interview on the subject President Nichols said:
>
> "Yes, we will give to the school girl or boy writing the best Bank Advertisement a cash prize of $10.00: to the second best $5.00 and the third $3.00."
>
> This offer is open to member of the Dinuba and Orosi high and grammar schools and also to members of Sultana, Smith Mountain, Monson, Wilson, Kennedy, Traver and Windsor schools.
>
> The conditions of the contest are: All contestants must mail copy to the First National Bank of Dinuba not later than April 29th. Copy must be accompanied by name, age and address of contestant as well as name of school of which they are a member on a separate sheet of paper. Advertisement to consist of not to exceed ninety words. Judging to be done by a committee of five consisting of two bank directors, two merchants and one newspaper man.
>
> The prize winning ads. will be used in the local newspapers one or more insertions each in the order in which they are shown. Name of prize winners will be published in the papers and attached to their ads. as they appear.
>
> The bank will retain possession of all advertisements entered and reserves the right to use any or all of them paying $1.00 for such as are used.
>
> If further information is desired call or address W. B. Nichols, President of the First National Bank.

This is a good scheme. There is nothing that gets such a response as a prize contest. The Erie Railroad recently completed a gigantic piece of engineering in making an open cut through the Bergen Hill, Jersey City, to improve its approach to New York. The General Passenger Agent advertised a prize of $100 for the best name for the new cut. He got over 15,000 answers. We venture to say that Mr. Nichols was swamped

TEN DOLLARS IN GOLD

AN EDUCATIONAL CONTEST—SCHOOL CHILDREN ARE ELIGIBLE

THE FIRST NATIONAL BANK

DESIRES TO SHOW AN INTEREST IN BOYS AND GIRLS

An Opportunity to Show Originality in a Special Line.

Three Cash Prizes In Gold Coin

CONDITIONS

If further information is desired call on or write W. B. NICHOLS, President

The FIRST NATIONAL BANK, Dinuba, California

PRIZES FOR BRIGHT CHILDREN

You Will Need Money For Christmas

HERE IS

An Easy Way To Get It.
A Sure Way To Have It.

Join Our Christmas Savings Club Any Time This Month

In Class 1, pay 1c the 1st week, 2c the 2d week, 3c the 3d week, 4c the 4th week, 5c the 5th week, 6c the 6th week, and so on for 36 weeks, and two weeks before Xmas we will mail you a check for $6.66, with interest at 3 per cent.

Or in Class 2, pay 2c the 1st week, 4c the 2d week, 6c the 3d week, and so on, and we will mail you a check two weeks before Christmas for $13.32, with interest at 3 per cent.

Or in Class 5, pay 5c the 1st week, 10c the 2d week, 15c the 3d week, and so on, and we will mail you a check two weeks before Christmas for $33.30 with interest at 3 per cent.

Payments To Be Made Every Week, Or May Be Made Monthly In Advance

Can you think of an easier way to provide money for Christmas presents?
Join yourself—get everyone in the family to join. Show this to your friends and get them to join.

Everybody Is Welcome To Join

The Christmas Savings Club opened Monday, April 3. Call and let us tell you all about our plan. Accounts may be opened anytime during the month of April

MAKE YOUR CHRISTMAS A MERRY ONE

PEOPLES NATIONAL BANK

SAVINGS DEPARTMENT DUNCANNON, PA.

A CHRISTMAS SAVINGS CLUB STARTED IN APRIL

with advertisements and doubtless can get some good advertising points from the matter submitted besides getting a lot of good general publicity for his bank. We would be glad to get further particulars concerning the results of this contest, to publish for the benefit of other bankers.

Still another special plan for interesting the public is illustrated by the plan outlined in the Christmas club ad. of the Peoples' National Bank, of Duncanno, Pa., although this scheme is by no means of interest to children only. Spasmodic efforts of this kind are all right as far as they go, but in our opinion they cannot take the place of a long and steady advertising pull, year in and year out.

The Naugatuck Savings Bank, Naugatuck, Conn., gets after the school children by giving them blotters with thrift talks on them. The copy on three of them is as follows:

To know that a large number of pupils in our schools have bank accounts pleases us immensely. You are the future men and women of Naugatuck. A town made up of people who are inclined to save cannot fail to be a good place in which to live.

Well there are some pretty good savers about here now. We have more than $2,000,000 belonging to depositors, and we pay interest each January and July.

A merchant wanted a boy to work in his store. There were about a dozen who applied. He asked each one if he had a bank account. Only one of them had and he got the job.

Now, of course, he might not have been the best boy, but it just shows what people think of a young man who shows an inclination to save.

A bank account is a pretty good recommendation in itself.

We heard a very pleasing statement recently. Out of a class of about twenty-nine in one of our schools all but one had a bank account. That one is hereby invited.

We can't help wondering if other classes could show as large a proportion having money in the bank. How about it? Have you?

Hands up!

The Sacramento Valley Trust Company, Sacramento, Cal., carried out the plan explained on a printed sheet thus:

One Dollar Free to Every Sacramento Boy and Girl, April Fourth.

In order to help the boys and girls in the schools of Sacramento to save money the Sacramento Valley Trust Company will open a savings account for every boy and girl, who will come to the Bank on Tuesday, April 4th, which is the first birthday of this bank.

It is the aim of this institution to encourage saving and our directors know there

is no better time to begin to save, than when young.

Call at the bank, April 4th, bring this circular with you, and the bank will open a savings account for you with one dollar. This dollar will then be yours, you can add to it from time to time just as you wish, and at the end of five years you can withdraw not only the dollar itself, but also the four per cent. interest it has earned.

If you are a boy, girl, young man or young woman in school, and would like a good chance to succeed, we invite you to make the best of this privilege. You will never get a better opportunity to open for yourself a savings account in a strong bank.

Bring this circular with you, and in exchange, you will get the bank book with the $1.00 deposit recorded. The $1.00 will bear four per cent. interest, whether you deposit more money or not, and can be withdrawn at the end of five years.

This offer is for only one day—Tuesday, April 4th—the first anniversary of the Sacramento Valley Trust Company. We will be open all day. Call any time between 8 a. m. to 8 p. m.

SACRAMENTO VALLEY TRUST CO.

The same sheet bore a message to the parent, as follows:

To the Parent, whose child brings home this message, we would say:

As your experience in life has taught you, that money is to be recognized as the means of life, the means of comfort, the means of maintaining an honest independence:

Is it not well, that you embrace this opportunity to impress upon your child's mind the great importance of beginning life right by learning to save. We are creatures of habit. The saving habit requires some self-denial. Once begun, your child travels the path of fore-thought, prudence, and wisdom. This dollar which we offer as our first year's anniversary gift to every child, may mean a start for future happiness, the beginning of independence. This offer is made to every child in your family, the more there are, the greater the need, that the lesson be taught. Let each sign the name on the blank below and call at the bank on April 4th, any time between 8 a. m. and 8 p. m. and if we are too busy on that day to deliver the pass book, it may be called for the following day or later.

Respectfully,
SACRAMENTO VALLEY TRUST CO.,
A. Bonnheim, President.

The First National Bank of Englewood, Chicago, puts it this way in one of its folders.

Tell Your Children a Story.

Tell them that the pennies which they put in their savings banks are like the little seeds which their Uncle Hiram puts in the ground. Uncle Hiram puts the seeds into the ground and covers them up. Then he depends upon the rain and sunshine to make them grow. The tiny sprouts spring up from the soil and slowly change into tall stout stalks with ears of yellow grain. Then Uncle Hiram has his harvest.

Say to them that their pennies must have rain and sunshine too, just like the little seeds. When they put in more pennies—that's rain. When they put in pennies on fixed days—put them in regularly—that's sunshine. And just as sure as the seeds which Uncle Hiram plants grow up into stalks, and these stalks bear grain which brings him food and clothing and other good things, so surely will the pennies which they plant grow up into dollars and these dollars change into tens and hundreds of dollars to bring them good things to eat and wear and a great many other wonderful joys.

Another way to interest parents is being used by the Real Estate Bank of Maryville, Mo., which has advertised that it will put 25 cents to the credit of each child born in Nowaday County during the year 1911. This sum is to draw interest at the rate of 4 per cent. until the child has become a man or woman 21 years old. The birth rate of the county is about 225 children each year.

CO-OPERATION OF EMPLOYEES

How an Iowa Bank Gets its Staff to Back Up Advertising

A Cedar Rapids, Iowa, bank writes to its employees thus:

My Dear Friend:

I am writing this to avoid discussion that might otherwise arise, and to ask in your handwriting, but only after your thoughtful consideration, your criticism or acquiescence.

That any one, part of an institution the success of which depends largely upon solicited patronage, may be able to treat that patronage, and the public back of it, according to promises made and inducements held out by that institution, he must be fully informed as to those promises and familiar with the policy that prompts them, and the result sought to be attained, and must be in full and sympathetic accord therewith, and instant to fulfill promises and carry out the policies of, and support the management responsible for them.

To that end, that one, besides being familiar with the policy of the management and understanding the results sought; must be familiar with circulars and advertising

"AS THE TWIG IS BENT, ETC."

literature sent out and the promises therein contained; must be familiar with statements and promises made over the counter, and, largely, those made in correspondence, and aid in faithfully redeeming those promises in his service to that patronage.

Equal with all else, that one must be loyal to his superiors in management, and cheerfully and instantly assist in carrying out the policy that prompts their promises; at least, until such time as a conference will convince such management that it is in error, else that assistant is untrue to those expecting loyalty. If he cannot bring himself to that complete loyal and instant support the management is entitled to, he becomes a handicap and a clog which no management fair to itself should accept and no selfrespecting employee, fair to himself, force upon his employer.

His own little objections should not humiliate and set at naught his superiors and their requests, though they may seem to him captious, especially where no principle is involved, and where compliance proves the courteous gentleman.

"Accuracy," "order," "dispatch," and "honesty," must be in his vocabulary and must be his daily practice. He must work and push, not cry and knock. He must believe in the concern he represents, in the statements it makes, in the honesty and fairness of the management and in his own ability to get results. His to-day must mean to-day, not tomorrow. He must not only actively compete with others, but he must honestly compete, with courtesy, kindness, generosity and good cheer.

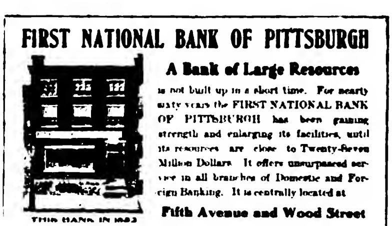
He must be able and cheerfully willing to drop his own work at times to assist the management or an associate employee, and especially to meet, wait upon and favor those persons seeking the fulfillment of promises made. He must become competent and cheerfully willing to prepare and draw papers, advise and aid the patron, and to that end he must prepare himself by study of our books, blanks, forms and custom, to be able to do such things on call from a customer or the management, altho this may, many times, require his granting active aid to his associates also, in work in which they may fall behind because of their fidelity to management and customer in doing this same thing.

Anything short of ability, and cheerful willingness along with that ability, unfits one for acceptable service, handicaps those who are above him and responsible for results, and renders him a clog and out of place. Anything short of ability, faithfulness and cheerful willingness on the part of the assistant, may make failure in a management that otherwise might prove remarkably successful, which failure, though chargeable to inefficient support, would be charged to inefficient management, because the management permitted itself to try to make efficient such help as might have been seen to be lacking in the principles that would endorse and practice the sentiments herein expressed.

Could any honorable assistant ask or expect to be allowed to thus clog a management or become a menace to the success he should honestly try to help win?

These thoughts may not be new to you, but judging by the half-hearted support some employees give to their institutions, a suggestion like this from you to any such if you know of any, might make of you their benefactor.

Sincerely your friend,



THE AGE ARGUMENT

MORE AMMUNITION

HERE'S a news item which savings bank advertisers can use to advantage:

Hides $8,000 in Milk Can; It Is Gone.

Henry Meyer, an employee of the Ironclad Manufacturing Company of Brooklyn, reported to the police to-day that $8,000, all the money he had, the savings of a lifetime, was lost because he had not trusted savings banks and had hid his wealth in a battered old milk can in a corner of the factory where he was employed. During a financial scare some time ago Meyer, who was planning to go back to Germany to spend the last of his days, decided his money would be safer in his care than in any bank, and drew out his $8,000. For years he had seen the old battered milk can in a corner of an unused part of the factory. It was the very place to conceal his money, thought Meyer, and into the bottom of the can he dumped big rolls of bills. When he went to work yesterday he looked into the corner, as was his custom, but the can was gone. So was Meyer's $8,000.

BANK ADVERTISING EXCHANGE

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list by writing to the editor of this department.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

W. H. Kniffin, Jr., Home Savings Bank, Brooklyn, New York City.

R. B. Parrish, Mingo County Bank, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.
H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.
Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.
C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.
Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.
Stuart Wilson, Cashier, State National Bank of Texarkana, Ark.
F. W. Ellsworth, Publicity Manager Guaranty Trust Co. of New York.

HE LIKES THE IDEA.

I like the suggestion of an exchange for booklets and advertising ideas, and have put you and all of the names printed thus far on your exchange list, upon the Garfield mailing list.

I am sure the plan will be mutually beneficial.

Yours very truly,
HORATIO FORD, Secretary,
Garfield Savings Bank Co., Cleveland, O.

WANTS TO EXCHANGE.

In accordance with the suggestion in your May number, I would be glad to have you add my name to the list of gentlemen who wish to exchange publicity matter.

Yours very truly,
F. W. ELLSWORTH, Publicity Manager,
Guaranty Trust Co. of New York.

GOOD FORM LETTERS

A FEW of the best of the month's grist of bank soliciting letters are these:

The Coal and Iron National Bank.
New York.

Gentlemen:

In addition to the periodical examinations by Government Examiners, the Comptroller of the Currency requires National Banks to file five times yearly itemized statements showing condition several days prior to the call, thus precluding any adjustment of figures. This method of course operates for greater security among National Banks. For the information of our friends, it is our custom to publish these statements in condensed form as per enclosed copy, under date of March 8, which we trust you will read with interest.

We invite you particular attention to the unusual strength and diversity of business interests represented by our Board, which indicates the scope of our business and insures safe and conservative management.

As our location is convenient for your purposes we are prompted to offer our facilities which embrace every function which can be performed by any National Bank consistent with the rules of the Clearing House Association, of which this bank is a member.

As this bank conducts a strictly commercial business, with due regard to the mutuality of interests between a bank and its depositors, we trust that such a connection may appear attractive to you.

We sell Foreign Drafts, Travelers Checks and Letters of Credit, execute orders for the purchase and sale of securities in all markets and handle business on all parts of the world.

In our Safe Deposit Vaults we rent boxes for the safe keeping of valuable papers at $5.00 per annum and upward.

Very truly yours,
DAVID TAYLOR.
Vice-President.

Northern New Jersey Trust Co.
Edgewater, N. J.

Dear Sir:

The business of this company in ONE very important respect, is not unlike any and every other line of business. That is, in order to succeed we must PLEASE OUR CUSTOMERS; we must make it to their ADVANTAGE to do their Banking with us.

It is with a great deal of satisfaction, therefore, that we point to the increase in our business, reflecting as it does the satisfaction of our customers.

In the past year our accounts have increased in number from 1,425 to 1,620; deposits in "Savings accounts" have increased from $117,000 to $154,000 and on check accounts from $370,000 to $444,000. Our loans to Boroughs and Towns have increased from $64,000 to $175,000, while a substantial gain was made in surplus and undivided profits.

If you already have an account with us, please accept this as our assurance that your business is appreciated.

If you have no account as yet, we shall be pleased to have you call and let us explain our advantages for serving you.

Very truly yours,
S. L. DOREMUS,
Secretary and Treasurer.

Bank of Dakota County, Jackson, Neb.

To Our Friends:

On April 14th, 1886, the writer opened, in a modest way, the doors of "The Bank that ALWAYS treats you RIGHT," has been with it ever since and this month—is our Quarter Centennial. Its doors have been open each business day, every dollar due, has been paid on demand and no legitimate loan been refused. There have been no land foreclosures, but one chattel mortgage closed and one or two petty Justice suits, yet less than fifty dollars have been lost in all that time through bad notes. Believe us—that's "going some" in banking—slang pardoned. Twelve good banks have been started in its immediate territory, each taking near by customers, yet its business has grown steadily, 1910 being by far its largest year, and better prospects for 1911 (if the new customers you keep sending to us, keep dropping in). Of the thousands of customers who have crossed its threshold—it knows none

Your Million Dollar Bank Is Forty Years Old Today

And is celebrating the occasion by keeping at its business of faithfully caring for the high responsibilities of its position.

Forty years is a good while in America. Few Montgomerians remember when, six years after the war drums had ceased at Appomattox, Montgomery's first "National Bank" opened its doors in temporary quarters on what was then called "Market Street," now Dexter Avenue, thence removing to its first new building at 14 Commerce Street, a three story house which served as its quarters until the erection of its second home in 1901—the first modern office structure to go up in Montgomery.

How within five years this second home had been outgrown—how the most expensive house in Montgomery was levelled to make room for another type, then unknown to Montgomery,—the modern "high" building,—how with ten times its original capital stock it became Montgomery's "Million Dollar Bank,"—these are facts fresh to our fellow citizens, but facts which incontestably prove the strength of the community to accomplish things, and the faith of men of finance in the future of the city. For the community makes the bank, and no community has ever shown more complete confidence in an institution than Montgomery has in its First National Bank.

Nor has that confidence been unfounded. Better than all building records or visible evidences of wealth and success, is the foundation of fidelity—a fidelity coupled with judgment and experience sufficient to guide the affairs of a people's business through every dark and every bright day for four decades. On such a foundation it will continue to operate for its depositors, of whom there are 5230 now on its books—a daily enlarging number.

After an exhaustive special examination by the United States Government, all the assets of the bank have been approved, and its Charter extended for the legal term of twenty years from this date.

OFFICERS
A. M. BALDWIN, President,
F. STOLLENWERCK, Vice-President,
A. S. WOOLFOLK, Cashier,
H. T. BARTLETT, Asst. Cashier.

Directors: R. M. Hobbie, Arthur Pelzer, F. Stollenwerck, M. P. LeGrand, S. Roman, A. S. Woolfolk, R. F. Ligon, A. M. Baldwin, W. A. Gayle, J. S. Willcox.

AN ANNIVERSARY ADVERTISEMENT

wronged. If there be, one hundred dollars awaits him here, and will always be ready for the person wronged—and wrong not righted by the bank.

Twenty-five happy, prosperous years have passed. The bank has made some money for its owners, but more for its customers. It has paid out nearly One Hundred Thousand Dollars to its depositors, in interest, has helped to place and keep many on their feet and destroyed or hindered none.

YOU—good friends—have always been most loyal and true, giving to the bank your friendship, your confidence, your patronage—never swerving an iota through panic and prosperity, during all the fat and lean years.

The writer is grateful—more so than you will ever know. His only aim and hope in life, is to be worthy of the great trust placed in him by you. This is not the largest bank in the world, (he could not truthfully say it was not the BEST), but large or small, good, bad or indifferent, it is HIS bank—his own creation—"the apple of his eye, the idol of his heart." The best (perhaps) twenty-five years of his life, have been spent in its building and he has been peaceful, happy and contented, with no regrets, no enemies, never a cross word said to him. He KNOWS he has the best lot of customers in the world—that stand by and lend a helping hand through thick and thin, and it is always a pleasure to him to serve them.

So—on April 14th, 1911, just imagine him, with sleeves rolled up a bit tighter, starting in on a second quarter century "Treating them RIGHT," firmly resolved to make this the better of the two, at least for YOU. Co-operate with him, please. If you believe this a good bank—tell your neighbor and friend.

THAT'S THE WAY WE GAIN OUR INCREASED BUSINESS. Once a customer—always a customer here, if at all within reaching distance. We have many check and certificate customers in Sioux City, Omaha, and nine different states. They KNOW and appreciate our good service. YOU will not unless you try—TRY, PLEASE. And may we all prosper, and better than that—deserve to prosper—until 1936.

From the bottom of his heart, he thanks you for all you have done for him and for his. He could not forget did he live a thousand years.

Gratefully yours,

ED. T. KEARNEY,

"The Bank that ALWAYS treats you RIGHT."

HOW BANKS ARE ADVERTISING

Note and Comment on Current Financial Publicity

A CONSISTENTLY good advertiser is the First National Bank of Montgomery, Ala., whose Fortieth Birthday Advertisement we show. The only criticism that occurs to us in connection with this ad. is that the name of the institution should be more prominently displayed, although perhaps the First National's building is as well known in Montgomery as the name of the bank itself.

Referring to the savings advertisement, "Paying for a Home," reproduced herewith, C. A. Gode of the advertising department of the Merchants' Loan & Trust Company of Chicago, writes:

> I am enclosing a copy of a savings "ad." which we used in the Chicago dailies and would be very glad to receive any comment or criticism you may care to offer concerning it.
>
> The letter in the ad. is of course a genuine communication and was entirely unsolicited. If we had used the man's name and address, it might have been more effective, but we felt that such a course might appear rather undignified for bank advertising, especially since the relations between a bank and its depositors are of a confidential nature.
>
> I am enclosing a copy of the "Pocket Guide for Depositors." This is practically the same booklet we have been using for several years past and we shall probably get out something quite different next year.

The advertisement is one which ought to appeal to every earnest man who wants to do just as the man in the advertisement did. The booklet mentioned presents a complete

Paying for a Home

Here Is One Man's Experience:

Chicago, March 10, 1911.

The Merchants Loan & Trust Company Bank,
Chicago, Illinois.

Gentlemen: Beg to inform you that I wish to withdraw my money from the Savings Department. I have bought a house and wish to use it in paying it off. I have no one to thank but The Merchants Loan & Trust Company Bank for this start. My Pass Book is No.——. It took me a long time to save what I have ($1,600), but *I never missed what I have put away.*

Thanking your Savings Bank for the past, I remain,
Respectfully yours,
(Signed) ______________

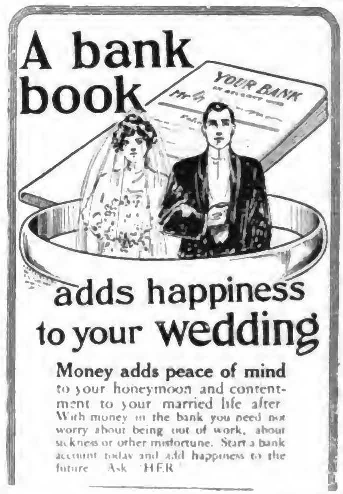
THE MERCHANTS LOAN AND TRUST COMPANY
OLDEST BANK IN CHICAGO

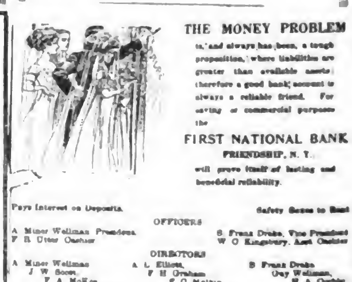
Savings Deposits made on or before April 7th draw THREE PER CENT interest from April 1st

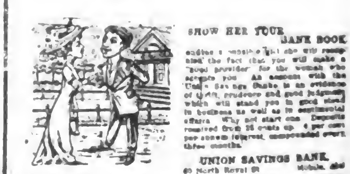
"Pocket Guide for Depositors"—a new illustrated Savings Booklet—mailed on request.

112 ADAMS STREET

A PRACTICAL SAVINGS AD.







GOOD JUNE ADVERTISING

outline of the different branches of the institution, emphasizing particularly the savings department.

June is the month of weddings and it is not a bad idea for bank advertisers, especially savings banks, or those with savings departments, to make a feature of this fact to call attention to the necessity of a young man having some money laid by before he embarks upon the sea of matrimony. How some banks did this last year is shown by the group of "wedding" advertisements which we reproduce.

In commemoration of its fiftieth anniversary, the East Brooklyn Savings Bank has issued an attractive and interesting booklet, which is largely historical, and is illustrated by portraits of officers, past and present, and by views of its banking quarters.

The Wachovia Bank and Trust Company of Winston-Salem, N. C., has issued a novel little leaflet containing "24 Lessons in Banking" in tabloid form. This institution is a liberal advertiser. It issues a house organ entitled "The Solicitor," which is an unusually worthy publication of its kind.

The Waterloo Loan & Trust Company of Waterloo, Iowa, issues a lot of good printed matter, having to do principally with 5 per cent. Debenture Savings Bonds.

The Chehalis (Wash.) National Bank does some community boosting. It sends an insert with its out-of-town correspondence calling attention to the advantage of Chehalis. On one of its booster postcards it says:

Dear Friend:—This is an interior view of The Chehalis National Bank, one of our solid Lewis County Banks. Italian marble and Mexican mahogany are used. Fine light is obtained through the art glass in the ceiling. The floor is terrazo, with marble and tile border. The building of such fine, convenient and attractive banking houses proves the confidence our bankers have in Chehalis and Southwestern Washington. Whenever you are in town, be sure to visit this bank.

The Mississippi Valley Trust Company of St. Louis sends us a copy of "Service," a bimonthly publication issued by the company. It is in the form of a handy booklet of 4 pages. It is illustrated and contains a lot of live stuff. It will not be quickly thrown away by anybody who receives it.

The Bank of Holland, N. Y., invites an inspection of its new building thus:

To Our Patrons and the Public:

The officers and directors of the Bank of Holland cordially invite you and the members of your family to inspect the new building and equipment of the bank at Holland, N. Y., on opening day, Saturday, April 15, 1911, from 9 a. m. to 4 p. m.

A souvenir of the occasion will be presented to each visitor.

BANK OF HOLLAND.

GRUMPINESS

BANK officials are only human, and generally they are very busy humans at that. Often the strain of the day's work is very nerve trying, continual interruptions by visitors keeping them from concentrating mind on work. It sometimes results in snap judgment and sharp answers on some matters that under different circumstances would receive calm and deliberate attention.

A depositor in a big national bank approached one of the vice-presidents one afternoon and presented a four thousand dollar note for discount. The officer took the note and tossing it across the desk remarked:

"Better keep a higher balance here if you expect these to get by, Mr. Leavitt." He had been very busy all day or probably the words would have been spoken in more amiable terms.

The depositor, angered, reached across the desk and picked up the note. "You'd better take a look at my balance Mr. Foster, instead of offering advice," he replied, and turning, walked from the office.

About two months previous Leavitt had offered a note for discount through the same official, who had based his remark on information given by the various departments at that time. Past is not present, however, and investigation showed the depositor had not only cut down his discount line, but had gradually raised the average of his balance until it was then running near forty thousand dollars.

They lost the account.—*Marshall Jewell Bailey in Business and the Bookkeeper.*

MODERN FINANCIAL INSTITUTIONS

AND THEIR EQUIPMENT

LADD & TILTON BANK, PORTLAND, OREGON, —OLDEST FINANCIAL INSTITUTION ON THE PACIFIC COAST

IT was during the year 1858 that William S. Ladd and Charles E. Tilton inaugurated preparations for the formation of a bank at Portland, Oregon. On June 1, 1859, their arrangements had become perfected and the bank was formally opened for business under the name of Ladd & Tilton, Bankers, with a capital of $50,000.

It was but three months and eighteen days prior to the date of the opening of the bank that Oregon had been admitted as a State in the Union, and at that time the entire section of country which now includes Oregon, Washington, Idaho, and those portions of Montana and Wyoming west of the Rocky Mountains and north of the forty-second parallel, was generally known to the world as the "Oregon Country."

The present thriving and rapidly-growing city of Portland, with its 207,214 people, was then but little more than a hamlet, and the entire "Oregon Country" with its large and varied resources, was so sparsely settled and so isolated from the other sections of the United States that it seemed almost like a foreign land to the vast majority of the American people.

GLIMPSE OF MAIN BANKING ROOM

In April, 1861, Stephen Mead was admitted as a partner and the capital stock increased to $150,000, each partner owning a one-third interest. The co-partnership was dissolved in 1880, Messrs. Tilton and Mead retiring; the capital and surplus at that time amounted to $1,000,000, which was distributed.

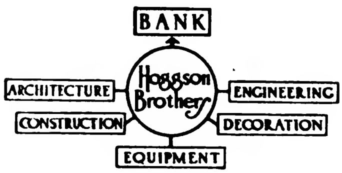
A new partnership was then formed by William S. Ladd and his son, William M. Ladd, the capital being $250,000, and the business continuing under the same title, Ladd & Tilton, Bankers. In 1893, at the death of William S. Ladd, the capital and surplus amounted to $1,250,000, and the business was continued by William S. Ladd's three sons, William M. Ladd, Charles E. Ladd and J. Wesley Ladd.

Two New Banks

THE handsome building just completed for the Union & New Haven Trust Company of New Haven, Conn., and the Home National Bank of Brockton, Mass., provide these institutions with banking quarters not excelled outside of metropolitan centers.

The buildings were erected under the Hoggson Building Method. This Method includes architect's services, construction, vaults, decorations, furniture, equipment and everything ready for occupancy, **under one contract.** The result was a saving in time, worry and trouble, as well as financial economy.

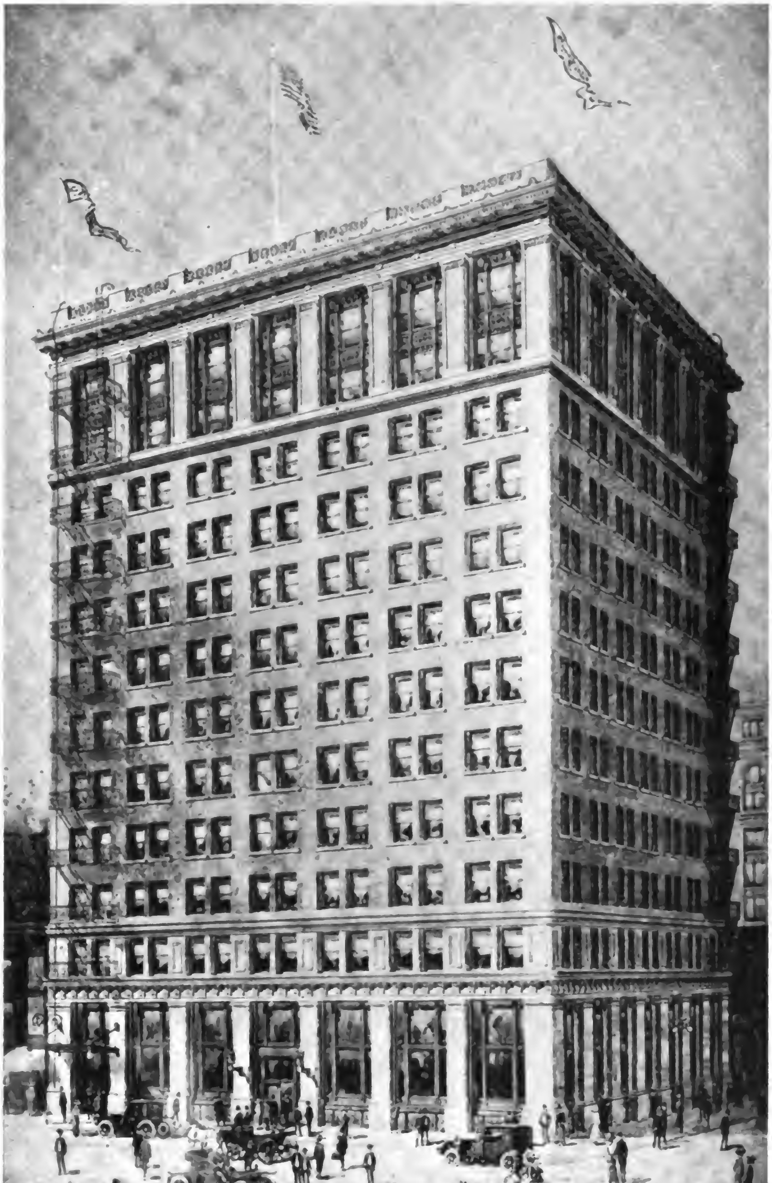
It will pay any bank to investigate this Method before planning a building.



HOGGSON BROTHERS

7 East 44th St. : : : New York
First National Bank Bldg., Chicago, Ills.

We Build from Coast to Coast



SPALDING BUILDING, PORTLAND, OREGON. HOME OF THE LADD & TILTON BANK

VIEW OF LOBBY LOOKING TOWARDS LADIES' REST ROOM

PORTION OF LOBBY, SHOWING PRESIDENT'S AND DIRECTORS' ROOMS AND PUBLIC ROOM.

The name, "Ladd & Tilton, Bankers," was retained until the passage of a State banking law by the Oregon Legislature in the year 1908, when the bank was incorporated as the Ladd and Tilton Bank, with a paid-up capital of $1,000,000 and surplus and profits of $500,000.

William S. Ladd was during his lifetime one of the conspicuous figures in the history of Oregon. While essentially an able and conservative banker and devoted to his banking interests, he was a man of endless enterprise and of great moral courage in commercial undertakings. He promoted and participated in many projects of magnitude and importance, which have been factors of substantial value in the commercial development of the entire Northwest region.

This, in brief, is the history of "the oldest bank on the Pacific coast."

Erects New Building.

At the beginning of the present year, the Ladd & Tilton Bank entered into possession

Wm. M. Ladd
PRESIDENT

of a new building which it had erected at a cost of $100,000. A number of interior views are shown herewith which, however good specimens of photography they may be, fail to give more than a bare idea of the solidity, richness, taste and harmony of the general architectural design.

Having an available floor area of nearly ten thousand square feet, the architects were free to plan for an impressive lobby

Edward Cookingham
VICE-PRESIDENT

and still provide abundant room for all the working facilities that could be desired.

The columns, walls and pilasters are covered with Kasota stone; the counters and entrance are of Brecia Pavonazza. Heavy bronze, finished in Pompeian green, has been lavishly used for all fixtures, railings and check racks.

Especial attention was paid to the lighting of the teller's cages; this is accomplished with Frink lights, of peculiar brilliancy and softness and the name plates over the windows are illuminated by reflected light.

In perfect harmony with the walls and ceiling is the lobby floor. This is done in a gray Tennessee marble, with a marble border, delicately veined in Tinos, Sienna and Sylvan green.

Customers having correspondence to look after, may, while in the bank, retire to a sumptuously furnished room, where all conveniences are provided for their use.

The Ladd & Tilton Bank, in equipping its new home, did not neglect to set aside a rest room for ladies. This is one of the

W. H. Dunckley
CASHIER

Robert S. Howard
ASST. CASHIER

J. Wesley Ladd
ASST. CASHIER

Walter M. Cook
ASST. CASHIER

most artistic nooks in the building, and care was taken to furnish it invitingly.

In elegance of finish, the directors' meeting room, with its inlaid mahogany paneling, table and chairs, represents the very acme of luxury and comfort.

DIRECTORS' MEETING ROOM

There are four vaults installed on the main floor—a coin vault, containing a battery of fourteen safes, a securities vault, book vault and storage vault. They are all constructed of the finest laminated plate steel and built to resist fire and burglarious attacks.

Last but not least, the bank in building and furnishing this, its permanent home, was far-sighted enough to provide for its clerks all the modern conveniences they could desire.

Officers.

Those who constitute the present official of the Ladd & Tilton Bank are:

President W. M. Ladd; vice-president, Edward Cookingham; cashier, W. H. Dunckley; assistant cashiers, R. S. Howard, Jr., J. Wesley Ladd and Walter Cook. The directors are T. B. Wilcox, Edward Cookingham, Henry L. Corbett, W. M. Ladd, Charles E. Ladd, J. W. Ladd, S. B. Linthicum and Frederick B. Platt.

The statement of the bank under date of March 7 shows the following:

Resources—Loans and discounts, $6,357,-666.04; overdrafts, $15,083.54; bonds and stocks, $4,155,263.40; real estate, $75,000; cash and due from banks, $4,222,538.07. Total, $14,825,551.05.

Liabilities—Capital stock fully paid, $1,-000,000; surplus and undivided profits, $738,406.02; deposits, $13,087,145.03. Total, $14,825,551.05.

THE SECOND NATIONAL BANK, WASHINGTON, D. C.

REMODELED HOME OF THE SECOND NATIONAL BANK OF WASHINGTON, D. C.

THE Second National Bank of Washington, D. C., was organized July 24, 1872, and was formally opened on September 11 of that year. The first board of directors was composed of John C. McKelden, James L. Barbour, Thomas L. Tullock, George W. Balloch, W. W. Burdette, G. F. Gulick, Francis H. Smith, Lewis Clephane, Thomas L. Hume, N. B. Fugitt, and John O. Evans.

Mr. McKelden was the first president and was succeeded January 17, 1877, by Matthew G. Emery, who held that position for nearly twenty-five years. Since his death W. V. Cox has been president. The first cashier was D. S. Eaton, who was succeeded by H. C. Swain, and he by the present cashier, John C. Eckloff.

The business was carried on at 631 F street until its building at 509 Seventh street, one of the first iron front buildings in Washington, was completed. For nearly forty years the bank has occupied this building. At first only part of it was used, but from time to time, to meet demands, its quarters were enlarged until the entire first floor was occupied.

Last year the board decided to remodel the old bank so as to be able to transact its increased business with celerity and greater efficiency and for that purpose additional ground was acquired and the first steps were taken towards making the necessary alterations. Mr. Appleton P. Clark, the Washington architect, was selected to study conditions and prepare plans. His plans were favorably acted on by the board of directors and the contract awarded to the Samuel J. Prescott Co. The floors of the old banking room were lowered to the street level and a massive granite front erected. Steel construction was substituted in place of heavy brick walls in the interior so as to have the entire banking department in one immense room.

To get the best light and ventilation possible the building was extended to the alley in the rear, and prism glass to diffuse the light was placed over the entire addition.

The counter extends, in the shape of a "U," about one-half the length of the building. It is built of Italian Breche Opal marble, surmounted by artistic bronze fixtures and plate glass, separated occasionally by massive columns that extend to the ceiling.

The public lobby contains 1300 square feet, and the floor is of Tennessee marble. There is a conference room for the public and a ladies' room, both finished in Honduras mahogany, with desks, tables and chairs of the same wood.

To the right of the entrance there is located the office of the president. It is also finished in mahogany, with parquette flooring, as are the other rooms. The cashier's office adjoins that of the president, both readily accessible to all having business with the bank.

To prevent congestion, the cages of the paying and receiving tellers face each other on the north and south sides of the lobby. The collection and discount clerks are conveniently located, the bookkeepers occupying the best lighted part of the bank.

Five vaults comprise the protective features of the Second National Bank; those in the rear of the banking room opposite the main entrance are especially noteworthy examples of the safebuilder's art.

A modern heating plant located in the basement of the building keeps the temperature of the bank's quarters up to the proper degree. The blower system, with supply and exhaust fans, is also used. Pure air from the outside is filtered through cheese-cloth before being admitted to the bank. An exhaust constantly changes the air currents, thus insuring perfect ventilation.

W. V. Cox
PRESIDENT

Walter C. Clephane
VICE-PRESIDENT

PHOTO BY HARRIS & EWING, WASHINGTON
John C. Eckloff
CASHIER

PHOTO BY HARRIS & EWING, WASHINGTON
Jacob Scharf
ASST. CASHIER.

MAIN BANKING ROOM

PRESIDENT'S ROOM

DIRECTORS' MEETING ROOM

PROTECTIVE FEATURES

One of the handsomest departments in the remodeled building is the spacious and well lighted directors' room. It is located at the extreme end of the bank and has been fitted out in comfortable style.

Having set out to thoroughly remodel and equip their banking rooms, those of the Second National Bank with authority to contract for the improvements, went to considerable trouble and expense in order that the bank might have the finest of everything. Small details, such as providing telephone connections between all offices and cages and ornamental lights over the check desks were not overlooked. These and many other improvements and innovations, designed for the convenient dispatch of business, have popularized the Second National Bank with Washingtonians.

The basement is of steel, brick and concrete construction, and therefore fireproof. Here are located vaults, and here supplies, books and papers that are not in current use are stored.

The entrance to the upper floors of the building from Seventh street is on the north side of the building. These have all been remodeled into splendid offices which will be rented. They are reached by marble steps and a new elevator.

Historical and Biographical.

The growth of the Second National Bank of Washington, D. C., has been steady, consistent with every accepted standard of banking. At the present time it is capitalized for $500,000, has surplus and profits of $250,000, and deposits of $1,470,000.

The present board of directors is composed of William V. Cox, Walter C. Clephane, Wm. F. Mattingly, Geo. W. Pearson, Simon Wolf, Charles Schneider, James B. Lambie, Somerset R. Waters, Chas. Graff, Bernard M. Bridget, Chas. W. Fairfax, Samuel J. Prescott, Fred S. Smith, Wm. P. Van Wickle, Wm. H. Walker, Nathaniel Wilson, E. O. Whitford, Alexander Wolf, S. W. Woodward.

William V. Cox, the president of the Bank, was born in Ohio, but has lived in Washington most of his life. He has given considerable attention to local affairs and civic improvements, serving as president of the Board of Trade, the Board of Education and the Bankers' Association of the District of Columbia. He is a director in the National Savings & Trust Co., vice-president of the Washington Market Co., and is identified with other enterprises.

Mr. Cox is a member of the Executive Council, Federal Legislative Committee and Currency Commission of the American Bankers' Association. He edited the attractive souvenir volume on banking presented to the delegates to the Washington meeting of the association.

Walter C. Clephane, the vice-president, is a well-known lawyer of Washington. He is a lecturer on commercial law in the George Washington University, and has published several books, including "The Organization and Management of Business Corporations" and "History of the Government of the District of Columbia." He is a director in the National Savings & Trust Company and other corporations.

He is interested in civic affairs and has been prominent in systematizing charities and having corrective and penal institutions conducted on modern lines.

John C. Eckloff, the cashier, is a native of Washington, and had years of experience in the Revenue Service before entering the field of banking. A most efficient officer, he is prominent in the work of the clearing-house association of the District of Columbia.

Jacob Scharf, the assistant cashier, was born in Bucks County, Pa. After receiving a common school education, he engaged in real estate until he entered the Second National Bank in 1894. By devotion to duty, within three years he had risen to the position of assistant cashier, which place he fills most satisfactorily.

A TIMELY AND USEFUL LITTLE BOOK

At this season of the year, when foreign travel is at high tide, there is much demand for information about things one specially wishes to know when journeying abroad.

In a little book entitled "Travellers' Letters of Credit," published by the Franklin National Bank of Philadelphia, will be found a large yet compact fund of information of this character.

While first place is given to letters of credit as constituting an indispensable part of a traveller's equipment, the book is full of other useful facts for the wanderer. Complete tables for converting foreign moneys into United States currency are a feature of especial value.

The Franklin National is one of Philadelphia's largest and strongest banks, fully equipped for issuing traveller's letters of credit and for carrying on all kinds of commercial banking. As this useful book witnesses, the bank is alert in meeting the wants of its patrons.

ORNAMENTAL MARBLE DRINKING FOUNTAIN AND SEATS—LOCATED IN THE AMERICAN NATIONAL BANK OF RICHMOND, VIRGINIA. CLEVERLY CONCEALED IN THE SEAT TOPS ARE VENTILATING PIPES FOR ADMITTING PURE FRESH AIR AT ALL TIMES

A CHECK DESK OF RICH DESIGN IN THE MAIN BANKING ROOM OF THE AMERICAN NATIONAL BANK OF RICHMOND, VIRGINIA

BOOK REVIEWS

Selected Articles on a Central Bank of the United States. Compiled by E. Clyde Robbins. Minneapolis: The H. W. Wilson Co. (Price, $1.00.)

The arguments for and against a central bank are here brought together in a compact and handy form for reference. These arguments are drawn from newspaper and magazine articles, from public addresses and from other sources. Besides, the volume contains a comprehensive bibliography of the subject, the whole comprising an arsenal of facts relating to the central bank question.

Money, Credit Currency, and a Currency Plan. By William P. Goodwin, Providence, R. I.

In this brief study of money and the currency issues in the United States a plan is offered for a new circulating currency in place of the national bank notes and United States Treasury notes now in use.

The author has accurately pointed out many of the present defects in our currency system and shows a clear perception of the principles that must be kept in mind in perfecting reforms.

The Purchasing Power of Money: Its Determination and Relation to Credit, Interest and Crises. By Irving Fisher, Professor of Political Economy in Yale University, assisted by Harry Brown, Instructor in Political Economy in Yale University. New York: The MacMillan Company. (Price, $3 net.)

At this time, when much discussion of high prices exists, a volume which thoroughly examines all the factors of the price problem, and from an authority such as Professor Fisher, ought to be welcome.

Particular interest attaches to the suggestions for combining the gold-exchange standard with a tabular standard of values, the object being not a mere regulation of currencies so as to maintain them at a fixed relation to gold, but to control or limit the fluctuations in the prices of commodities themselves. Professor Fisher well says that, "Before any control of the price level be undertaken, the public must learn to realize its necessity. So long as the rank and file even of business men fail to realize that they are daily gambling in changes in the value of money—a fact of which they are blissfully unaware—they will exert no demand for preventing those changes." He tells us that Mr. Carnegie, in his last gift of $10,000,000 to the Carnegie Institution of Washington, stipulates that a certain part of the income shall be set aside as a sinking fund against the diminishing purchasing power of money. This is declared to be significant as one of the first cases in which a business man has taken cognizance, in a practical way, of the instability of gold.

Professor Fisher has made a timely contribution to the scientific study of a subject of great practical interest.

Samuel Rogers and His Circle. By R. Ellis Roberts (with sixteen illustrations); $3.50 net. New York: E. P. Dutton & Co.

Poetry would seem to be a pretty effective means of securing posthumous fame for a banker, whatever its potency in gaining deposits. This remark is inspired by the volume above noted, which is the second one recently published in which the banker-poet, Rogers, prominently figures, the other being "The Banker in Literature," by Johnson Brigham, issued from the press of The Bankers Publishing Company.

Perhaps some of the fame that Rogers had while he lived, and more of that which he has yet, was due to the rather unique position held—that of a banker and dispenser of benefits to needy followers of the muse of poetry. He not only wrote poetry which was more than respectable, but he made money and was able to live in fine style. No wonder he is remembered and that books are still written about him!

The opinion might be hazarded that any banker who thinks he has the poetic gift may safely try to exercise it for fame-bringing purposes, but he need not expect that even if he should be able to write well it will enhance his standing in the banking and financial world.

It is an interesting circle to whose society Mr. Roberts invites the reader. Much interesting light is thrown on the business career of Rogers and his literary achievements, while many entertaining anecdotes are recounted of the banker-poet and his contemporaries, altogether making up a volume that may be read with pleasure and satisfaction.

Stocks and Shares. By Hartley Withers. New York: E. P. Dutton & Co.

In this volume the author of "The Meaning of Money" has collected much practical information about various classes of securities, the method of issuing and floating them, etc. And besides these practical matters there is a great deal else of interest in this book. The present wide-

spread agitation in behalf of peace lends point to the following:

"It is generally maintained by historians that our war with revolutionary France, usually called the Napoleonic war, was forced upon us, but their arguments are by no means convincing. * * *

"But whether this war was forced on us or no, there can be no doubt that it was most recklessly financed. Pitt the Second, who held the helm of State through its course, made the mistake of believing that because France was bankrupt, she could not keep up the fight, and so financed the early part of the war entirely out of loans, which he issued on terms which were ruinous to the credit of the country. 'In the first six years of the war he raised by loans not less than £108,500,000, and he raised them on terms so unfavorable that they added nearly £200,000,000 to the capital of the national debt.' British three per cents., which touched 97 in 1792, fell to 47 in 1797. This war added more than 613 millions to the national debt, and did so merely because of the reckless finance which marked its conduct. When the price of Government stock had been shattered and it became necessary to finance the war out of revenue, Pitt at last put on his ten per cent. income tax, with such results that, as Mr. Gladstone showed in one of his famous budget speeches, our debt need not at this moment have existed if there had been resolution enough to submit to the income tax at an earlier period.

"In other words, if the rulers of the nation had had the courage to call on it to face the responsibilities of its acts at once, instead of waiting until their power to borrow was exhausted, posterity ought never to have been left with that burden of 600 millions.

"The Crimean War has already been written off as a piece of stupidity, though the debt incurred to conduct it remains a liability of the nation. It was of this war that the late Lord Salisbury airily remarked that we had put our money on the wrong horse, thus very pleasantly reducing the efforts of our rulers in the domain of foreign policy to the level of the endeavors of the impecunious to improve their fortunes by backing a winner. It was comparatively well financed and only added £30,400,000 to the national debt.

"As for the South African war, remnants of the high taxation that it brought with it are still with us, and it is very safe to assert that whatever its results may have been in other respects, it brought us, as a nation, no economic benefit. Its contribution to the debt was about £160,000,000.

"The British debt, then, owes most of its existence to the habit of our ancestors of 'stumbling among the chimney pots,' going to war generally about quite irrelevant matters of Continental politics and leaving the bill unpaid. The development of a market in securities at the end of the eighteenth century enabled our rulers to sell the nation's credit to an extent which at first appeared to be unlimited, and so tempted them irresistibly to use this attractive method of providing the sinews of war instead of taxing the nation. The system worked pleasantly enough, lent itself kindly to the desirable object of distracting public attention from the fearful cost that war brings with it, and sometimes helped statesmen to keep their Parliamentary supporters in a good humor, with pickings out of loans. In 1781, twelve millions were borrowed on such terms that the price at once rose from nine to eleven per cent. above par, and 'following the evil precedent set by the ministry of Bute in 1763 a great part of the loan was distributed among the creatures of the ministry, who were thus gratified by an enormous though veiled bribe.' Summing up the tale of the war-created debt, we can express it thus in approximate figures:

	Millions Sterling.
William's war against Louis	19
Spanish Succession War	17
*War of Jenkins' alleged Ear	30
Seven Years' War	60
American War	118
Napoleonic Wars	613
Crimean War	30
South African War	160
	1047

"Such is the bill, reduced by slow redemptions of debt during intervals of peace, for which we British citizens are liable, largely owing to the habit of our rulers of sleep-walking and 'stumbling among the chimney pots.' The wars which were the consequence are a very picturesque and very glorious addition to our history, and have given us some of the noblest figures that adorn its roll and enrich our literature. Captain Shandy, Corporal Trim, Colonel Esmond and a host of others are on the credit side of the account, and it may be that the memory of our warlike deeds has its good effect to this day on the national character. Nevertheless, when we look at the matter from a purely economic point of view, and when we think of what the sums added to our

* A certain Captain Jenkins was brought before the House of Commons and alleged that he had been seized by Spaniards while sailing to Jamaica, and tortured and shorn of an ear; and his evidence roused our forbears with such effect that the consequent war is sometimes called the War of Jenkins' Ear. Later evidence threw much doubt on Skipper Jenkins' story. It is not at all certain that he had lost an ear at all. Horace Walpole relates that when he was dead it was found that he was fully equipped with ears.

debt by war might have done in quickening England's industry, tilling her soil, and making her sons and daughters clever and wise and strong and happy, perhaps we shall be a little inclined to hope that in future our rulers will give up the habit of sleep-walking and try to stay awake while they are in office."

RAPID GROWTH OF THE UNITED STATES FIDELITY AND GUARANTY COMPANY

ON March 31, The United States Fidelity and Guaranty Company issued a financial statement which is in many respects a remarkable one. Although but fifteen years old, this company's growth has been exceedingly rapid, as the following comparative statement shows.

Beginning business in August, 1896, with resources of 250,000, the company on December 31, 1896, reported premiums of $6,762.21 and resources of $281,420.88. In 1900 the premium had been swelled to the total of $821,145, and the resources had reached the figure of $2,256,197. In 1905, premiums of $2,289,198 were reported, and the resources on that date amounted to $3,427,485. Last year the premiums had been increased to $3,776,143 and the resources to $6,099,675. From January 1 to March 31 of this year the company had written premiums of $1,232,823. Its resources on April 1 were $6,227,416. Recently the steady growth of business compelled the company to seek larger and better quarters, and these were secured at Numbers 45, 47 and 59 Cedar street, New York City.

Following is the condensed financial statement, as rendered March 31, 1911:

ASSETS.

	Market Value.
U. S. Government bonds	$138,000.00
State, county and municipal bonds	2,543,243.40
Railroad bonds	445,865.00
Equipment bonds	451,716.25
Electric railway bonds	135,831.25
Miscellaneous bonds	192,275.00
Bank stocks	144,478.00
Lawyers' Surety Co. stock, represented by New York City bonds and other assets	150,000.00
	$4,201,408.90
Cash on hand and in banks	414,857.56
Loans secured by collateral	93,549.00
Loans secured by mortgage	3,000.00
H. O. property (assessed valuation $406.450)	400,000.00
Addition to H. O. property, 107 E. German st., in course of erection	139,122.10
Other property	33,850.00
Premiums in course of collection, less commissions:	
Fidelity and surety	528,278.72
Burglary	31,535.70
Casualty	131,838.83
Due for subscriptions department, guaranteed attorneys	40,090.33
Due from U. S. Government	15,748.39
Advance secured	48,146.75
Cash in suspended banks	95,033.69
Interest due and accrued	50,956.75
	$6,227,416.72

LIABILITIES.

Capital stock		$2,000,000.00
Due from return premiums and re-insurance		16,138.41
Munich re-insurance reserve account		18,593.03
Reserve for expenses in transit and taxes not due		30,000.00
Premium reserve	$2,114,909.62	
Claim reserve	997,718.48	
Surplus	1,050,057.18	4,162,685.28
		$6,227,416.72

John R. Bland is president of the United States Fidelity and Guaranty Company. The other officers are: Sylvester J. O'Sullivan, vice-president and manager; Alonzo Gore Oakley, associate manager; Henry Kelly Brent, assistant to the manager; Leonidas Dennis, counsel for the company; Col. J. Frank Supplee, resident secretary; Charles Howard and Hunter L. Wilson, assistant resident secretaries.

A GOOD WORD FOR THE BANKERS MAGAZINE

"THIS magazine is worth to me a great many times the price of its subscription" writes M. S. Eads from Dawson, Y. T., Canada, "and I hope to be one of its readers as long as I live.

"My first year's subscription was ordered five or six years ago; since then my library has never been without THE BANKERS MAGAZINE."

FUNDING COMPANY OF AMERICA

ANNOUNCEMENT is made by the Funding Company of America, 40 Exchange Place, New York, that it will, on July 1, withdraw from the market, for a period of several months, all of the unissued portion of its capital stock. The reason for this lies in the fact that the company's earnings from first mortgage bonds and other high-grade securities held, as well as its earnings from its subsidiary operating companies, are such that the management expresses itself as confident that the statement which it will make on December 31 next will warrant a subscription price of $30 or $35 per share for the remainder of the stock after January 1.

The par value of its stock is $10 per share and the present subscription price is $20 per share. The difference between the par value and the subscription price of all treasury stock goes to build up the company's surplus. The company reports assets at this time of approximately $750,000 and no liabilities, except for current monthly accounts of less than $1,000, and except its capital stock liability of $650,000 for stock outstanding out of its total authorized issue of $1,000,000.

This company in the last year and a half has been highly successful in the underwriting of bond issues and in financing of smaller industrial enterprises. Two dividends of five per cent. each were paid during 1910, and a similar five per cent. dividend will be paid to stockholders of record June 30, the company's earnings for the first half of this year probably reaching twice the amount of its dividend requirements for the same period.

Another announcement made by the company is to the effect that after July 1, during the period when its own treasury stock will be off the market, the company will place its entire bond and security selling organization, including the services of its men in the field, at the disposal of any of its stockholders who may desire to close out their holdings of its stock, thus giving them the benefit of the strong investment market the company has built up for its own securities.

UNDESIRABLENESS OF THE SMALL DEPOSITOR

ONE who signs himself "Overdraft" recently sent the following letter to *The New York Times:*

Referring to the subject matter of your article, "Large Banks and Small Accounts," it is regrettable that a journal so well versed in financial matters as your own should so scornfully and sarcastically dismiss the complaint with a reference to "banks of too small a calibre."

It is not so much the calibre of a bank, in the sense that you imply, that forbids small accounts; it is rather the character of the bank, referring to the class of business which the institution caters to. A bank in a mean neighborhood, where expenses and other things are adjusted to the character of the business, seeks small accounts and can handle them to advantage; but a bank in a substantial neighborhood, dealing with large customers, cannot successfully do business with small people. A machine that is built to turn out its product by the ton cannot economically be slowed down for the fractional revolution of its wheels requisite for an ounce; at least this would be an expensive loss of effort. It is as easy, if not easier, to conduct the business of a depositor carrying an account averaging $10,000, as one carrying an account of $100, and more profitable. The large depositor, for example, is known at the bank as to his financial responsibility, and when his check comes in it is not necessary to stop the line at the paying teller's window to look up his balances; and should the large depositor make a deposit it is not necessary to hold up the line at the receiving teller's window to see if the checks are in proper order. This is merely one instance of a dozen where the small depositor costs the bank money.

As to the chance of growth of a small account—a point which is often made but badly taken—it is found by experience that the small depositor, if and when he becomes a large depositor, is quite ready, disregarding the services the bank has performed for him when small, to transfer his account for the attraction of an interest rate, or possibly for a small increase in the interest rate. Besides, it is not the business of a bank to take this or any other chance.

On the other hand, many accounts with large "book balances" may have small available cash balances, and while apparently profitable to the bank, may actually be handled at a loss. I have come into contact with this phase of the balance question on many occasions, and I have in mind many accounts carrying balances which, while seemingly profitable, nevertheless upon analysis disclose a loss, largely, of course, in operating expenses. For small accounts we have our excellent savings banks, which perform the useful function which you approve, the utilization of unconsidered funds which otherwise would go to waste.

BANKING AND FINANCIAL NOTES

THE ALDRICH PLAN.

In its monthly financial letter for May, the National City Bank of Chicago comments extensively on some of the main provisions of the Aldrich plan for "The Reserve Association of America." The letter points out that the four chief attributes of sound banking enjoyed by all the leading countries of the world, except the United States, are: First: elasticity of currency. Second: mobility of bank reserves. Third: liquidity of bank assets; and fourth, centralization of banking power closely allied to the government. How this institution—the Reserve Association of America—will supply these four chief needs of our financial system without radically changing our present system, is clearly set forth in the following form:

I. Elasticity of Currency. The bonds securing the present currency, amounting to $700,000,000, are to be purchased, and the currency assumed by the reserve association. The association may sell not exceeding $50,000,000 of these bonds per year, and gradually retire the bond-secured currency, replacing it with the associaton's own notes secured by one-third gold, and two-thirds good bank assets, following the German plan before alluded to. All note-issues are to be a first lien on the assets of the association. In addition to these $700,000,000, the association may make further issues subject however, to a graduted tax. We do not approve of the tax, but that is a detail. The fifteen branches covering the entire country will supply the necessary redemption facilities. It will be seen that such powers of instantaneous issue and automatic redemption of bank notes supply the element of elasticity so much needed in our currency.

II. Mobility of Bank Reserves. The reserve association shall pay no interest on deposits, but balances on its books to the credit of other banks may be counted as part of their legal reserve. Thus a bank which heretofore has carried, say, $100,000 cash reserve will carry only enough for till money—perhaps $25,000—and deposit the remaining $75,000 with the association. This will ensure enormous deposits for the association, and the banks will not withdraw them in troublous times on the well-known principle that they do not want the money if they are sure they can get it. Besides, when a bank must withdraw part of its balance, the association can remit the money in its own notes, and without weakening its own reserves. Thus, the reserves of the country will be centralized in one powerful reservoir and used to provide support wherever support is needed.

III. Liquidity of Bank Assets. All the privileges and advantages of the association are to be equally available to all national banks which have subscribed to its stock, whether large or small and wherever situated. The association will stand ready and able to rediscount paper of other banks maturing within twenty-eight days at a rate uniform for the entire country. Longer-dated paper may also be rediscounted, but such paper must be guaranteed by the local association of banks. Any solvent bank, therefore, experiencing a sudden withdrawal of its deposits will be able to convert its assets into cash at a fair rate of discount—provided, of course, that its assets are good. In addition to this, the plan permits the reserve association to buy and sell Bills of Exchange, and allows banks to accept bills of exchange for their customers with not over ninety days to run, to the extent of half the capital and surplus of each accepting bank. Considering our enormous imports, there is now abundant foundation for this kind of business, and thus an international discount market for "prime bills" will be established in this country. This will be infinitely better than forcing surplus funds into demand loans on Wall Street, which is our only quickly-available loan market to-day.

IV. "Centralization of Banking Power Closely Allied to Government," will be furnished by the reserve association because it is to be the fiscal agent for the Federal Government, and the sole depositary of government funds. The Secretary of the Treasury, the Secretary of Commerce and Labor, and the Comptroller of the Currency, are to be ex-officio members of the Board of Directors of the association. In the public mind, therefore, the action of the association will be backed and supported by the government. This means confidence instead of distrust, financial peace instead of panic.

There are functions and attributes of the proposed reserve association of America which we have not mentioned because they are of minor importance and interesting chiefly to bankers. One of the most important of these is to grant trust and savings banks facilities to national banks under proper restrictions, thus opening the door to the state banks to nationalize on equal terms, and paving the way for a greater and more uniform American banking system. The reform, however, in its broadest espects is of greater importance to the public generally than to bankers. Bankers can worry through suspensions and panics; indeed, they sometimes make larger profits then than they make in normal times. The real sufferers from a panic are the numerous weak holders of depreciated securities, the ranks of laboring men deprived of work, and the business men of all kinds whose bank credit is suddenly curtailed. The need of the hour is an enlightened public opinion among all classes which shall be strong enough to carry through the proposed legislation.

NEW DIRECTORS IN EQUITABLE TRUST OF NEW YORK.

Henry E. Cooper, Henry R. Carse and Robert Goelet have been elected directors of the Equitable Trust Company of New York, succeeding M. Hartley Dodge and H. Mercer Walker, resigned, and Paul Morton, deceased. Mr. Walker, who is treasurer of the company and manager of the Paris branch, continues in both those capacities. With the election of the new members of the board, it has become known that John D. Rockefeller and George J. Gould are among those who have taken over some of the 14,531 shares of the institution which were recently purchased by its president, Alvin W. Krech, from the Equitable Life Assurance Society. Mr. Gould had already been a stockholder in the trust company. The stock acquired from the Equitable Life, it is stated, has been divided among twenty or more purchasers, in accordance with Mr. Krech's purpose, to avoid the placing of control with any one interest. Mr. Cooper, it is understod, represents Mr. Rockefeller on the board, Mr. Carse the Hanover National Bank (of which he is a vice-president), interests, while Mr. Goelet represents his own interests.

TWENTY YEARS OLD.

The twentieth anniversary of the incorporation of the Greylock National Bank of Adams, Mass., occurred in April, when an extension of its charter was granted. As a souvenir of its anniversary, the bank has favored its friends with a pocket piece (in general outline similar to a gold coin) on which are impressed symbols emblematic of good luck and good fortune. The institution has a capital of $100,000 and surplus and profits of $250,000. Its officers are: W. B. Plunkett, president; George B. Adams, vice-president, and Frank Hanlon, cashier.

FIDELITY TRUST COMPANY OF NEW YORK INCREASES CAPITAL AND SURPLUS.

From time to time mention has been made in these pages of the steady growth in the deposits of the Fidelity Trust Company of New York. A further evidence of the prosperity of the company was afforded by a meeting of the stockholders on May 24, at which it was decided by unanimous vote that the capital be increased from $750,000 to $1,000,000 and that the surplus also be increased from $750,000 to $1,000,000, making the combined capital and surplus $2,000,000.

NEW IOWA BANK PRESIDENT.

Jesse O. Wells has been elected president of the German Savings Bank of Des Moines,

Iowa, succeeding James Watt, deceased. Before his election to the present office, Mr. Wells had been senior vice-president of the institution. J. C. O'Donnell, who also held a vice-presidency, will be the sole vice-president hereafter. C. Huttenlocher succeeds Mr. Watt on the directorate.

NEW EXECUTIVE FOR ST. LOUIS BANK.

P. J. Pauly, formerly vice-president, has ben elected president of the Lafayette Bank, succeeding the late P. J. Doerr. J. A. Goettler was made vice-president. Other officers chosen were: F. C. Hahn, cashier; B. J. Boemker, assistant cashier; P. J. Pauly, Henry Ziegenheim, Jr., J. A. Goettler, F. C. Hahn and B. G. Brinkmann, directors.

CHICAGO BANK INCREASES CAPITAL.

The management of the Harris Trust and Savings Bank of Chicago has called a special meeting of stockholders for June 14 to vote on a proposition to increase the capital from $1,250,000 to $1,500,000. A similar increase in the bank's surplus was made quite recently, the directors having transferred $250,000 from undivided profits to the surplus account.

While official confirmation is lacking, there is a report that the $250,000 of new stock is to be distributed as a stock dividend of twenty per cent. The price of the bank's stock is said to have advanced materially.

The Harris Trust has been a large earner from the start. It has raised its regular dividend rate to twelve per cent. and has paid numerous extra dividends.

TUCKER K. SANDS.

In the recent election of T. K. Sands as vice-president of the Commercial National Bank of Washington, D. C., there seems to

T. K. SANDS
VICE-PRESIDENT OF THE COMMERCIAL NATIONAL BANK OF WASHINGTON, D. C.

be a direct verification of the old proverb that "true ability and worth should gain their reward." For had Mr. Sands not possessed these characteristics he surely would not have been made an officer of one of Washington's most progressive banks.

He was born in Richmond, Va., in 1867, received his education in the schools of that city and became a runner for the First National Bank of Richmond in 1883. Thus the foundation of his banking career was laid.

He remained with the First National until the year 1899 and during that period of time served in various positions up to that of general bookkeeper, the highest place in the bank next to cashier. From the First National he went to the Citizens Exchange Bank of Richmond and remained with that institution until its consolidation with the National Bank of Virginia, continuing as cashier of the latter until 1904. During his connection with the National Bank of Virginia the deposits increased from $1,500,000 to $3,000,000.

In 1904 Mr. Sands was elected vice-president and cashier of the Bank of Richmond, which bank, with $1,000,000 capital, became very popular with the citizens of that city. Mr. Sands was also one of the incorporators of the Broad Street Bank of Richmond, Va., and for a time was vice-president of that institution. He has been instrumental in establishing a number of other financial institutions in Virginia, all of which are in successful operation at the present time.

In October, 1909, Mr. Sands was elected vice-president of the Savoy Trust Company (formerly the Italian Trust Company, of New York City), where he remained for about one year, after which he decided to locate at the nation's capital, making arrangements to identify himself with the Commercial National Bank, which was merged on April 29, 1911, with the old National City Bank of Washington, D. C. The new bank will be known as The Commercial National Bank, Washington, D. C., with a combined capital of about $5,000,000. Ashton G. Clapham is the president.

PROFIT SHARING IN BOSTON.

The Liberty Trust Company of Boston has adopted a plan of profit sharing, by which the employees of the company receive an annual bonus equivalent to a percentage of their salaries equal to the dividend declared on the stock of the company. So far the plan has proved highly successful.

FIRST NATIONAL BANK OF MILWAUKEE INCREASES CAPITAL.

The First National Bank of Milwaukee has accomplished the increase of its capitalization from $2,000,000 to $2,500,000, as authorized at the annual meeting of stockholders on February 21.

STRONG BANK AT TULSA, OKLA.

By the consolidation of the Union Trust Company, a State institution, with $100,000 capital, and the Exchange National Bank, capital $200,000, Tulsa, Okla., has acquired one of the largest and strongest financial institutions in the entire Southwest. The consolidated banks will continue to do busi-

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ness as the Exchange National Bank, with over $1,000,000 deposits and total resources exceeding $1,250,000.

The officers of the consolidated bank are: P. J. White, president; D. F. Connelly, E. H. Sinclair, C. H. Leonard and M. Hughes, vice-presidents; A. T. Allison, cashier; C. V. Reid, assistant cashier; and Arthur Newlin, assistant cashier.

PHILADELPHIA NOTES.

R. R. Koch has been elected a director of the Republic Trust Company.

The Philadelphia Trust Company, Roland L. Taylor, president, has added $500,000 to surplus, raising the fund to $4,000,000.

The Northwestern Trust Company raised its dividend from seven to eight per cent. per annum and carried $25,000 to profit account.

Lewis M. McCloskey, assistant treasurer of the Wayne Junction Trust Company, has been elected a director of that institution.

Charles C. Mann, well known in the uptown banking district, has been appointed assistant cashier of the Textile National.

MERCHANTS' TRUST COMPANY, WATERBURY, CONN.

In the February issue of the BANKERS MAGAZINE was noted the organization of the Merchants' Trust Company, a new institution in Waterbury, Conn. This company during the few months of its existence has met with good success. Its deposits have reached nearly $250,000 and its earned surplus and profits exceed $6,500. The company is located on Grand street, opposite the post office, in one of the most rapidly growing cities in Connecticut and its prospects for future success are excellent. Its directors include some of the representative business men of Waterbury, the officers being J. E. Smith, president; Henry Weyand, vice-president, and John E. Bulger, secretary and treasurer. The company is capitalized at $100,000.

PROMOTIONS IN THE THIRD NATIONAL OF ST. LOUIS.

At a meeting of the directors of the Third National Bank of St. Louis, held early in May, some very important changes were made in the official staff. George W. Galbreath and Richard S. Hawes were elected vice-presidents, and J. R. Cooke was appointed cashier.

Mr. Galbreath has been cashier of the bank for fifteen years and Mr. Huttig's chief adviser, Mr. Hawes, became assistant cashier in 1906, after serving in the ranks for nine years previous. He is familiarly known as "Dick Hawes" by his intimates, and has a wide and favorable acquaintance

with bankers throughout the country. Mr. Cooke has been connected with the bank for thirty-eight years and is promoted from assistant cashier. He commenced as a messenger boy and occupied every desk up to his present position.

The Third National has become one of the most important banks in the Southwest. The capital is $2,000,000; surplus and profits, $2,147,786, and deposits, $38,346,391. It occupies one of the handsomest buildings in St. Louis, and its president is Charles H. Huttig, who is chairman of the executive council of the American Bankers' Association.

NEW PRESIDENT HOUSTON CLEARING HOUSE.

J. E. McAshan, vice-president of the South Texas National and otherwise prominently identified with large financial and industrial institutions of Houston, has been elected to the presidency of the Houston Clearing House Association. Mr. McAshan has resided in Houston since 1865, is a Texan by birth and has been in the banking business for the past thirty-nine years.

In addition to the positions named above, he is vice-president of the board of trustees of the W. M. Rice institute, president of the Rice Land Lumber Company, president of the Merchants and Planters Oil Company, a member of several clubs and a director of various corporations.

KENTUCKY BANKS CONSOLIDATE.

The Citizens' National Bank has taken over the business and deposits of the Bowling Green National Bank, both institutions of Bowling Green, Ky.

The building of the Citizens' National Bank will be used for the business of the combined institutions, and Robert Rodes, Jr., president of the Citizens' National Bank, will retain that position. Several directors of the Bowling Green National will become members of the board of the Citizens' National.

INCREASED CAPITAL FOR LOS ANGELES BANK.

The Citizens' National Bank of Los Angeles has taken steps to increase its capital from $1,000,000 to $1,500,000, and the enlarged capital, it is understood, is to become effective on July 1. Interests representing the bank lately secured control of the Broadway Bank & Trust Company, and subsequently R. J. Waters, president of the Citizens', was also made president of the Broadway Bank & Trust. Controlling interest in still another institution, namely,

the Home Savings Bank, has been acquired, according to the Los Angeles *Times*, by Mr. Waters and his associates. Mr. Waters was already a stockholder in and president of the Home Savings Bank. It is said that it is the intention to merge the two State institutions—the Broadway Bank & Trust Company and the Home Savings Bank—into a trust and saving company, and to operate the projected concern as an adjunct of the Citizens' National. The Broadway Bank & Trust has a capital of $250,000 and deposits of over $2,000,000, while the Home Savings Bank has $400,000 capital and deposits of about $1,600,000. The new $500,000 capital of the Citizens' National will be used, it is announced, in taking over the stocks of the two institutions referred to.

LIVE STOCK NATIONAL OF SOUTH OMAHA ELECTS ASSISTANT CASHIER.

Frederick W. Thomas has been elected assistant cashier of the Live Stock National Bank of South Omaha. He is the son of Col. J. W. Thomas, late cashier of the Corn Exchange National Bank of Omaha, and for three years since his graduation from the University of Nebraska, he has been associated with his father in business, holding a position with his father in the bank during the larger portion of that time.

TRUST COMPANIES MERGE IN BIRMINGHAM.

Through the purchase of the People's Savings Bank and Trust Company of Birmingham, Ala., by the American Trust and Savings Bank, the former concern has ceased to exist. The purchasing bank has notified creditors and depositors that all obligations of the "People's" will be paid in full upon demand.

The transaction marks the continued growth and profitable expansion of the younger bank, which was organized in 1903, and according to the last published statement had a capital of $200,000, loans of $1,000,000, deposits of $2,800,000 and surplus and undivided profits of $86,000. It has recently purchased a site for its new home, to consist of an eighteen-story modern building, work on which will begin about the first of June and pushed to completion with all possible expedition. Until it is completed and is ready for occupancy the company will occupy the old Berney building, which is being temporarily fitted up for its occupancy.

The People's Savings Bank and Trust Company was organized in 1888, and during its twenty-three years of successful business has had but three presidents, the first being F. W. Dixon, who was succeeded by B. A. Thompson, and in turn by ex-Lieut. Henry B. Gray, the incumbent at the time of its sale. It enjoyed a capital of $75,000; surplus, $75,000; loans, $900,000; deposits, $1,200,000, and undivided profits of $10,000, and was regarded as one of the safe and conservative institutions of the city.

The American Trust and Savings Bank, it is understood, will increase its capital stock to $500,000; surplus, $250,000, and resources to $5,000,000. Its officers and board of directors comprise representative business men of Birmingham, of whom W. W. Crawford is president; H. L. Badham, vice-president; C. M. Williamson, cashier; with Edward B. Crawford and W. C. Hamilton its assistant cashiers.

NATIONAL BANK EXAMINER APPOINTED.

Walter W. Smith, who had been assistant bank examiner of the St. Louis Clearing-House, since the inauguration of the clearing-house examination system several years ago, has been appointed a national bank examiner, with headquarters at St. Louis. In his new position he succeeds Frank O. Hicks, who resigned to become a vice-president of the Mechanics'-American National Bank of St. Louis.

UNION TRUST COMPANY OF NEW YORK ELECTS TRUSTEES.

William H. Nichols, Jr., and Frank Trumbull have been elected trustees of the Union Trust Company of New York, to fill vacancies. Mr. Nichols is chairman of the executive committee of the General Chemical Company and Mr. Trumbull chairman of the board of the Chesapeake & Ohio Railway.

CHANGES IN NATIONAL BANK OF COMMERCE, BALTIMORE.

In the election of Thomas Hildt, one of the assistant cashiers of the National Bank of Commerce, to the position of cashier, the directors of that institution rather surprised the banking fraternity of Baltimore, which had expected the election of Magruder Powell, since Mr. Powell has been assistant cashier of the bank for a number of years, and had been connected with the institution for nearly thirty years. Mr. Hildt, on the other hand, had only been with the bank since 1904, and two years of this time he had been away from the bank as treasurer of the Southern Electric Company of this city. The directors selected Mr. Hildt, however, on account of his youth and progressiveness, it was stated, as they desired him not so much to attend to the actual duties of the cashier's office, but to represent the bank at out-of-town conventions, go after outside business and generally be the "road" man of the bank. Magruder Powell was rewarded for his faithful services by being put in entire charge of the bank, as actual cashier, though the title was withheld, and, it is understood, by an increase in salary.

The late James R. Edmunds was vice-president as well as cashier of the bank, and the vacancy as vice-president was filled by the election of Douglas M. Wylie, one of the best-known business men in Baltimore. His election is favorably regarded, and it is expected that with his help the management will have no trouble in continuing to build up the deposits and business of the bank. Eugene Levering is the president.

SEATTLE CHAPTER, A. I. B., ELECTION.

Edward G. Norris, auditor of the Scandinavian-American Bank of Seattle, has been elected president of Seattle Chapter of the American Institute of Banking, defeating George R. Martin of the Seattle National Bank, after a spirited campaign. One hundred and eight votes were cast, of which Norris received seventy-two and Martin, thirty-six. Other officers chosen were: Vice-president, J. C. Glass, of the Bank of California; secretary, Harry Colwell of the National Bank of Commerce; treasurer, Lester R. McCash, of the American Savings Bank and Trust Company. Board of governors—R. C. Hazen, of Dexter Horton National Bank; Arthur Goodfellow, of the People's Savings Bank, and L. F. Hayes, of the National Bank of Commerce. President Nor-

ris is the regular delegate to the national convention of the American Institute of Banking, and Wallace W. West, of the Seattle National Bank, is the alternate.

A proposed amendment to the constitution, permitting assistant cashiers to hold office, was defeated. The constitution was amended a year ago to debar officers from office and this judgment was affirmed at the last election.

BIG TRUST COMPANY FOR NASHVILLE.

The Real Estate Bank and Trust Company has been organized at Nashville, Tenn., with $300,000 capital stock and will begin business May 1, the lower floor of the handsome Stahlman building having been secured. Officers of the institution have been elected as follows: L. M. Jackson, president; George A. Karsch, vice-president, and M. C. Cayce, cashier.

APPOINT HERZOG ASSISTANT CASHIER.

Trustees of the National Savings Bank, Albany, have appointed Lester W. Herzog as assistant treasurer of the institution. Mr. Herzog has served for a number of years as one of the capable tellers of the bank and will assume his new duties at once.

NEW KANSAS CITY BANK.

A twelfth national bank, to be known as the Commonwealth National Bank, of Kansas City, has been organized with a capital of $250,000 and a surplus of $50,000. The bank will open June 1. G. M. Smith, until recently president of the National Reserve Bank, is president.

ANNUAL MEETING SPOKANE CHAPTER, A. I. B.

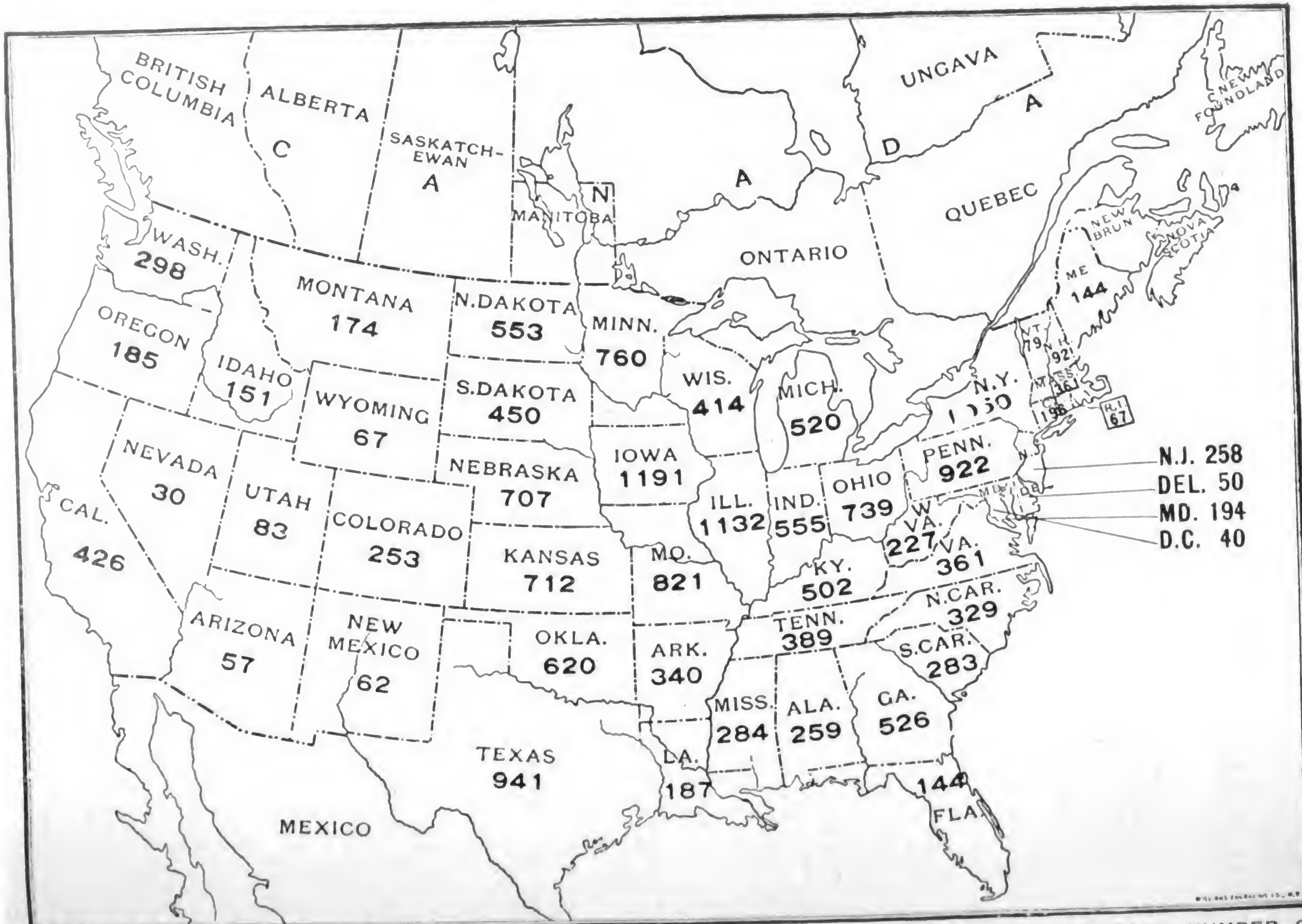
Joseph W. Bradley, collection teller of the Old National Bank, was elected president of the Spokane Chapter of the American Institute of Banking, at the annual meeting on April 19. The other officers are: Vice-president, W. H. White, Spokane and Eastern Trust Company; recording secretary, Sidney E. Smith, Exchange National Bank; corresponding secretary, W. N. Baker, teller Northwest Loan and Trust Company; financial secretary, W. E. Tellenaar, assistant teller Old National Bank; treasurer, Thomas Rohoit; executive council, C. E. Alison, Spokane and Eastern Trust Company; B. A. Russell, teller Washington Trust Company, and T. H. Koenn, paying teller Bank of Montreal; delegates to the national convention, Rochester, N. Y., September 5 to 8, W. N. Baker and B. A. Russell. Speakers at the social session were: R. F. Hanke, secretary of the Trustee Company of Spokane, and Ira W. Beadle, cashier of the Washington Trust Company.

BANK PLANS IMPROVEMENT.

The Bankers' Building Bureau of New York City has closed a contract with the Paterson (N. J.) Savings Bank that calls for a number of desirable improvements. Additional stone work will be placed on the front of the building and openings will be cut through the present banking floor in order that both this floor and the first floor may be used for banking purposes. Marble, bronze, steel and mahogany will be used in remodeling the main banking room.

CHANGES IN MECHANICS AND FARMERS' BANK OF ALBANY.

Announcement has been made of the appointment of Clarence W. Stevens as assistant cashier of the Mechanics and Farmers' Bank. Mr. Stevens has been connected with the bank for many years and is being warmly congratulated by many friends on his selection by the board of directors for the responsible position. Mr. Stevens takes the place vacated by Robert Olcott, who was named as cashier some time since on the



MAP SHOWING DISTRIBUTION OF THE 20,000 GUARANTEED CIRCULATION OF THE 65th ANNIVERSARY NUMBER OF THE BANKERS MAGAZINE.

resignation of George G. Davidson on account of ill health.

Mr. Stevens comes of a banking family, his father, Albert P. Stevens, having served for many years previous to his retirement from active banking life as treasurer of the National Savings Bank, a position now occupied by his son, Frederic B. Stevens, a brother of Assistant Cashier Stevens. Clarence W. Stevens has been assistant treasurer of the Mechanics & Farmers Savings Bank.

ROBERT FORGAN.

Readers of THE BANKERS MAGAZINE will be interested in the experiences of Robert Forgan, (nephew of J. B. and David R. Forgan, bank presidents of Chicago), who is now cashier of the Mid-City Trust & Savings Bank of Chicago, which opened for business April 10, 1911.

Mr. Forgan was born at St. Andrews, Scotland, March 7, 1884, and received his education at Madras College, St. Andrews. On July 2, 1900, he entered the Commercial Bank of Scotland, Ltd., at St. Andrews, and there familiarized himself with the rudiments of banking.

On the seventh of June, 1904, he accepted a position in the Bank of Nova Scotia, at Toronto, and held various clerical positions until April, 1907, when he became private secretary to H. C. McLeod, general manager of the bank.

From March, 1909, to June, 1910, Mr. Forgan served as relieving manager and

ROBERT FORGAN

CASHIER MID-CITY TRUST & SAVINGS BANK, CHICAGO, ILL.

acting inspector. On July 2, 1910, he was appointed manager of the Bloor & Spadina branch in Toronto. In February of this year he journeyed to Chicago and assisted in the organization of the Mid-City Trust & Savings Bank. The new institution which Mr. Forgan as cashier, will pilot, is capitalized for $500,000, and has a surplus of $50,000.

DETROIT 1912 CONVENTION CITY?

"To quote from an old play, it will be a very cold day and the snow will be very deep on the ground, if we don't bring the convention of the American Bankers' association to Detroit in 1912," said William Livingstone, president of the Dime Savings Bank of Detroit and vice-president of the A. B. A., when he returned from the meeting of the Executive Council. He is very confident that when the American Bankers' Association holds its annual convention in New

Orleans this summer, the executive council will recommend the selection of Detroit as the next convention city and that the association will approve the choice.

Boston and other cities are also seeking the convention next year.

FOREMAN BROTHERS ADMITTED TO CHICAGO CLEARING-HOUSE.

At a special meeting of the Chicago Clearing-House the Foreman Brothers' Banking Company was admitted to membership. The bank has $1,000,000 capital and deposits of about $10,000,000.

This addition makes twenty members of the local clearing-house, including the local assistant treasurer of the United States. There are six national and thirteen state banks and trust companies in the association.

It is expected that the new system of using clearing-house certificates instead of currency in the settlement of daily balances at the clearing-house will be in operation by June 1. These certificates are to be secured by gold deposited in specially built vaults in the Central Trust Building.

GUARANTY TRUST OF NEW YORK TO BUILD.

The Guaranty Trust Co. of New York has just purchased the Mutual Life Insurance property at the southeast corner of Broadway and Liberty street, and as soon as the present leases expire expects to begin the erection thereon of a modern bank building devoted exclusively to its own business. The site measures seventy-eight feet on Broadway and 135 feet on Liberty street, and entrance to the new building will be had from three streets, Broadway, Liberty and Cedar. The exceptional growth of the Guaranty Trust Co. during the past few years, and its more recent consolidation with the Morton Trust Co. and the Fifth Avenue Trust Co. have made necessary much larger offices than are available at its present location on Nassau st. The company's total deposits on the occasion of its latest published statement, February 28, exceeded $133,000,000 and its total resources are over $170,000,000. Alexander J. Hemphill, president, and Charles H. Sabin, vice-president, are the executive officers, and the board of directors, of which Levi P. Morton is chairman, includes some of the foremost men in American financial and business circles.

MINNEAPOLIS BANK CLERKS ELECT HEAD.

J. G. MacLean of the Security National Bank has been elected president of Minneapolis chapter of the American Institute of Banking at the annual meeting in the clubrooms in the Arcade Building; George C. Struthers of the Union State was elected vice-president, Joseph J. Cameron of the Northwestern National, secretary, and C. L. Norman of the Chapman-Stevens Company, treasurer. The new executive committee consists of J. W. Groves, Minnesota Loan & Trust Company, Frank Plachy, Jr., First National, and H. E. Cass, Northwestern National.

Delegates to the national convention at Rochester, N. Y., in September, were elected as follows: J. A. Bobb, H. E. Cass, J. W. Groves, H. E. Cobb, J. G. MacLean, F. J. Mulcahy, J. F. McGuigan, James Murphy, C. E. Searle, G. C. Struthers, W. J. Tobin and E. J. Wagenhals. Delegates to the Minnesota State Bankers' Association convention to Bemidji in June are: Joseph J. Cameron, W. C. Hall, J. G. MacLean, H. O'Hearn, S. H. Plummer, E. C. Phinney, I. E. Shattuck, T. M. Rees and Gray Warren.

INCREASES CAPITAL.

The People's Savings Bank Co. of Cleveland purposes to increase its capital from $300,000 to $500,000. The stockholders have been asked to approve the new issue at a meeting to be held June 14. The price at which the prospective issue will be offered

to the shareholders is $190 per share. According to the Cleveland "Plain Dealer," the stock never reaches the open market, but its last reported sale was at 228. In March of last year the capital of the institution was increased from $200,000 to $300,000, and the additional stock was disposed of at $150 per share.

CHANGES IN CINCINNATI BANKS.

G. W. Williams has resigned as a vice-president of the Second National Bank of Cincinnati, Ohio, to enter the Fourth National as active vice-president. He assumed his new duties May 1. The office which he now occupies was created for him, H. P. Cooke also holding a vice-presidency in the institution. Mr. Williams had been with the Second National for twenty-two years; he was formerly its cashier and had been made a vice-president in January.

KNICKERBOCKER SKYSCRAPER COMPLETED.

The Knickerbocker Trust Co. of New York has completed its twenty-two story office building at 60 Broadway, corner of Exchange place, where the downtown branch of the company has exceptional banking accommodations on the street floor. The institution started to erect the new building when the 1907 financial troubles overtook the company. The present structure was finished off temporarily at the eighth floor and for the time being further building operations were suspended. Since last October fourteen new stories have been added and the twenty-two story building was opened to new office tenants on the first of May. The Knickerbocker Trust is steadily increasing its business. A pleasant feature of its reorganization was the staunch support accorded to the management by the depositors and public. Its last report to the State Banking Department showed surplus and undivided profits to be $5,847,925, besides $3,181,000 of capital; the deposits were $32,007,280 and aggregate resources $41,318,892.

ELECTED CASHIER OF LARGE ILLINOIS BANK.

William Hazzard, who has been connected with the Commercial-German National Bank of Peoria, Ill., for the past twenty-two years, and for the past ten years as assist-

WILLIAM HAZZARD
CASHIER COMMERCIAL-GERMAN NATIONAL BANK OF PEORIA, ILL.

ant cashier, has been elected cashier of the bank, succeeding Edward A. Cole, resigned.

W. B. Reed, who for ten years has been

paying teller of the bank, was elected to succeed Mr. Hazzard as assistant cashier.

These promotions are in harmony with the policy of the bank to advance its own men as chances occur rather than to bring in others from the outside.

Mr. Hazzard, the newly elected cashier, is one of the best known among the younger bankers in the State of Illinois, and is conceded one of the best posted men on the subject of banking in central Illinois. He is a student of banking, both practical and theoretical, and has devoted years of close study to the science of banking and the development of the subject.

Mr. Hazzard entered the Commercial-German National Bank as messenger, in 1889. After three years he was promoted to individual bookkeeper, remaining on the books seven years; thereafter served two years as exchange and correspondence clerk, and as assistant cashier from May, 1901, to May, 1911, at which time he assumed the cashiership. He has worked on every book in the bank, and served on every counter, so that there is no detail with which he is not thoroughly familiar by actual experience.

In 1897, in competition with seventy-six Illinois bank clerks, Mr. Hazzard won the second prize of $75 in gold, offered by Col. Halliday, president of the Illinois State Bankers' Association, for the best three essays on the subject: "How Can a Clerk Become a Banker?" In January, 1908, he delivered a course of five lectures on "Practical Banking Methods and Internal Bank Management" before the classes in banking at the University of Illinois.

During the period of his service the bank has increased its capital stock from $200,000 to $550,000, its surplus and undivided profits from $45,000 to $667,000, and its deposits from $650,000 to approximately $5,500,000. At that time there were six persons on the pay roll; there are now twenty-nine. During most of the time, the principles, practice, law and history of banking have appealed to Mr. Hazzard as most engaging subjects of study. He has devoted himself exclusively to banking, so far as business is concerned, having meddled in no outside enterprises.

RAWHIDE, NEV., WITHOUT A BANK.

With the liquidation of the First Exchange Bank of Rawhide, inaugurated and discontinued by W. C. Stevens after a three years' existence, Rawhide is now bankless. At one time, in the days of its boom, the town boasted of three reputable and responsible banks, all of which apparently did a thriving business, but in the dullness of business following a collapse of the boom they gradually withdrew, and now leave the once prosperous and booming city of untold mining possibilities without the facilities of a bank of any kind.

STATE NATIONAL OF AUSTIN, TEXAS, ELECTS VICE-PRESIDENT.

In recognition of eighteen years of faithful and efficient service the directors of the State National Bank of Austin, Texas, have elected Pierre Bremond vice-president. This makes the officers as follows: John H. Robinson, Jr., president; Walter Bremond and Pierre Bremond, vice-presidents; J. G. Palm, cashier; S. J. von Koenneritz, assistant cashier.

BUSINESS BOOM ON WAY.

Atmore L. Baggot, who on May 1 retired from the New York Stock Exchange firm of Carpenter, Baggot & Co., delivered an interesting address recently to the residents of Bronxville in the ballroom of the Hotel Gramatan. His subject was, "Are We Or

Are We Not In a Business Depression That Will Last a Year Or Two Longer?" His observations and conclusions, based upon an active business career and experience of more than three decades, were received by the audience with marked interest and appreciation. Mr. Baggot said in part:

"'Are we or are we not in a business depression that will last a year or two?' Immediately after the panic of 1907, this question could have been answered in the affirmative with great accuracy. It cannot be answered in the affirmative now. We are passing and have almost passed the years of depression that must follow a panic. Liquidation is almost completed. The financial structure is sounder than it has been in six years. The percentage of bank deposits to bank loans is again normal and money is extremely cheap. Enormous funds are seeking investment and all good new bond issues are bought and oversubscribed for within forty-eight hours of their offering, and the market is bare of them. Guaranteed stocks and the best dividend paying issues are more easily sold than bought, and still the investment demand is not satisfied. Within six weeks the interest rate on new real estate mortgages has fallen one-half per cent., and yet the banks, trust companies, and mortgage concerns are surfeited with money.

"You say this condition shows that money is not needed in business. This is true, but it shows clearly that liquidation has already occurred, that liquidation is behind and not before us. The anxiety of capital to become employed will force itself into business channels because it cannot be profitably employed elsewhere, and the hum of industry will be heard in increased volume before long. You ask how long, and I think the answer can be deduced from the facts.

"My conclusion, based on fundamentals that never fail, is that the localized business depression will not last a year or two longer, that liquidation is almost over, that business activity will begin before the end of 1911 and break forth into considerable intensity at the completion and passage of the tariff bill during the coming winter."

GROWTH OF NATIONAL CITY BANK OF CHICAGO.

On May 10 the deposits of the National City Bank of Chicago climbed above $30,-000,000, an increase of $8,000,000 since the absorption of the Hamilton National Bank in February, 1910. Although but four years old, this institution has enjoyed a remarkable growth.

AMERICAN EXCHANGE NATIONAL OF NEW YORK EXPANDS.

Between May 1 of last year and May 1 of the present year, the American Exchange National Bank of New York increased its total resources from $45,288,297 to $67,044,-811 and its deposits from $30,955,441 to $54,-047,879. Loans have practically doubled—from $24,199,802 to $42,998,949—and the general tone of this institution's latest statement denotes progress and growth.

THE TRUST COMPANY OF AMERICA, NEW YORK CITY.

It is gratifying to note the continued growth and expansion of The Trust Company of America, located in New York City. According to the latest available statement of this institution, the sum total of deposits has reached the splendid figure of $27,256,100, while the surplus, including all undivided profits, now amounts to $6,-

612,769. Between the last two calls of statements of condition, the company gained more than half a million dollars.

CHANGE IN NEWARK, N. J., BANK.

The elevation of Christian Fleissner to the presidency of The Broad and Market National Bank of Newark, N. J., succeeding Joseph J. Rafter, who was compelled to resign and seek rest, brings to light the interesting history of a man who has made his way to the front ranks of Newark's manufacturers.

Mr. Fleissner came to this country from Austria at the age of eighteen. He enjoyed the distinction of being the best scholar in the little city in which he was born, graduating from high school with great honors. His early ambition was to become an army officer, and, although having passed the examination necessary to enter the government military academy at Prag, was diverted from his purpose by his father.

In 1883 he came over and located in Philadelphia, then the mecca of the German. There he worked at the machinist trade, which he had learned in the old country, and later went to F. A. Ringler Electrotyping Foundry in New York, where within six months, although only nineteen years old, he was given charge of all the machinery in the place.

Having saved about $2,000 he went to Hoboken in 1888 and engaged in the leather embossing business and in 1889 came to Newark and for over twenty years has been doing business at 91 Mechanic street. This business has been lately incorporated under the name of the Newark Embossing Co. and is located at 121-123 New Jersey Railroad avenue.

Mr. Fleissner is largely interested in New York and Newark real estate, confining himself to apartment house properties.

CANADIAN NOTES

TWO NEW CLEARING HOUSES.

It is announced that a new clearing house has been established in Moose Jaw and the following officers have been appointed: Chairman, Mr. J. C. Vicq; vice-chairman, Mr. E. M. Saunders; secretary-treasurer, Mr. J. A. Taylor.

There are nine chartered banks which have branches in Moose Jaw as follows: The Bank of Montreal, Canadian Bank of Commerce, Dominion Bank, Bank of Hamilton, Home Bank, Imperial Bank, Northern

Crown Bank, Royal Bank and Union Bank of Canada.

The other new clearing house announced for Brantford has already commenced business and H. W. Fitton has been appointed chairman. There are eight chartered banks having branches in Branford as follows: Bank of Commerce, Bank of B. N. A., Bank of Hamilton (two branches), Imperial Bank, Bank of Nova Scotia, Standard Bank and Bank of Toronto.

STERLING BANK REPORT.

The annual report of the Sterling Bank for the year ending April 29, 1911, shows net earnings of $96,825, which is equal to 10.25 per cent. on the paid-up capital. The profits the preceding year were $92,832 and $64,146 the year previous to that. Out of the net profits for the year, dividend requirements took $47,025, leaving the balance to be carried forward to profit and loss account. This, with the amount carried forward from this year, made a total sum of $85,285, which has been added to the profit and loss account. The total surplus and undivided profits at the end of the year came to $366,000, as compared with $281,000 at the end of last year. The total assets of the bank now stand at $7,258,341, as compared with $4,896,730 at the end of 1908. The total deposits now stand at $4,950,047, as compared with $2,360,570 at the end of 1908. The bank has shown gains in every department of its business, the past year being the most satisfactory in its history.

BANK BRANCHES OPENED AND CLOSED DURING APRIL.

Seventeen branches of Canadian chartered banks were opened during April, and three closed. During March eighteen were opened and three closed; during February seventeen were opened and ten closed; during January thirty-seven were opened and three closed. Houston's Bank Directory gives the following particulars for April:

Branches Opened.

Bengough, Sask., Canadian Bank of Commerce; Biggar, Sask., Canadian Bank of Commerce; Haneyville, Alta., Merchants Bank of Canada; Lachine, Que., Banque D'Hochelaga; Lamont, Sask., Standard Bank of Canada; Lyndhurst, Ont., Bank of Toronto; Penhold, Alta., Standard Bank of Canada; St. Valier, Que., La Banque Nationale; Ste. Eulalie, Que., La Banque Nationale; Saskatoon, Sask., Quebec Bank; Strassburg, Sask., Quebec Bank; Sutherland, Sask., Traders Bank of Canada; Swift Current, Sask., Royal Bank of Canada; Toron-

to, Ont., Broadview Ave., Home Bank of Canada; Waseca, Sask., Standard Bank of Canada; Welland, Ont., Dominion Bank; Willow Bunch, Sask., Canadian Bank of Commerce.

Branches Closed.

Purcupine, Ont., Royal Bank of Canada; Farnham, Que., Banque D'Hochelaga; Crapaud, P. E. I., Bank of Ottawa.

BANKS CLOSED AND IN LIQUIDATION

COLORADO.

Platteville—Citizens National Bank; in voluntary liquidation, April 15.

ILLINOIS.

Bloomington—Third National Bank; in voluntary liquidation, March 15.

KANSAS.

Harper—Security National Bank; in voluntary liquidation, April 15.

KENTUCKY.

Lexington—Phenix National Bank; in voluntary liquidation, March 28.

MAINE.

Dexter—First National Bank; in voluntary liquidation, April 29.

Skowhegan—Second National Bank; in voluntary liquidation, March 15.

MARYLAND.

Baltimore—Commercial & Farmers National Bank; in voluntary liquidation, April 6.

MASSACHUSETTS.

Lawrence—Lawrence National Bank; in voluntary liquidation, March 4.—Merchants National Bank; in voluntary liquidation, March 4.

MICHIGAN.

Detroit—American Exchange National Bank; in voluntary liquidation, February 14.

Union City—Farmers National Bank; in voluntary liquidation, April 28.

MINNESOTA.

Preston—National Bank of Preston; in voluntary liquidation, March 27.

MISSISSIPPI.

Kazoo City—First National Bank; in voluntary liquidation, March 10.

NEBRASKA.

St. Paul—Citizens National Bank; in voluntary liquidation, April 1.

OHIO.

Akron—First National Bank and Second National Bank; in voluntary liquidation, March 18.

Cortland—First National Bank; in voluntary liquidation, April 4.

PENNSYLVANIA.

Sharpsville—Sharpsville National Bank; in voluntary liquidation, March 15.

TEXAS.

Collinsville—First National Bank; in voluntary liquidation, March 21.

Sherman—Commercial National Bank; in voluntary liquidation, March 2.

Putnam—First National Bank; in voluntary liquidation, March 7.

AFTER THE RUN ON THE BANK

AFTER a run on a bank, how much of the deposits withdrawn come back again whole and undiminished after the run is over and confidence is restored? When one reads of people going away with £300 in cash and 200 sovereigns in an apron, as at Accrington, one wonders whether the temptation to spend some of the suddenly realized hoard may not prove irresistible, if only in the joyful relief of finding that it is not lost after all. One might expect a certain irrecoverable loss to the bank from this cause. A bank manager, however, who was asked the question recently, thought not. The people who save are not the kind of people to do that, he said, and it is the most careful depositors who are most easily alarmed and first in the run; probably if confidence really is restored after the run the whole of the deposits will be brought back again. There is one recorded case where the total amount of the deposits in a certain bank were greater immediately after a run than before. The fact that the bank had come out of it all right had apparently been taken as proof of its soundness and an advertisement.—*Manchester Guardian.*

SIGN CHECKS WITH THUMB

THE commissioner of Indian affairs has directed officials throughout Oklahoma that hereafter every Indian who can not write his name shall be required to sign all his checks and official papers and indorse checks and warrants covering Indian money by making an impression of the ball of his right thumb, such imprint to be witnessed by an employe of the Indian agency or by one of the leading men of the tribe. His thumb mark signature must be witnessed by the postmaster of the place where he resides.

BANKERS MAGAZINE INDEX

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